

# Civil Service Evaluation

The Evolving Role of the U.S.  
Office of Personnel Management

A Report Concerning  
Significant Actions of the U.S.  
Office of Personnel Management

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A REPORT TO THE PRESIDENT AND  
THE CONGRESS OF THE UNITED STATES BY  
THE U.S. MERIT SYSTEMS PROTECTION BOARD

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THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD  
1120 Vermont Avenue, N.W.  
Washington, D.C. 20419

July 1998

The President  
President of the Senate  
Speaker of the House of Representatives

Sirs:

It is my honor to submit this U.S. Merit Systems Protection Board report, "Civil Service Evaluation: The Evolving Role of the U.S. Office of Personnel Management." This report is provided in accordance with the requirements of 5 U.S.C. 1206.

This report addresses the role that the Office of Personnel Management (OPM) plays in conducting a Governmentwide program to oversee the operations of our merit-based civil service system. It focuses on changes that have occurred since we last looked at OPM's evaluation program in 1992. Central to those changes are program revitalization efforts that include establishment within OPM of an Office of Merit Systems Oversight and Effectiveness.

We find that OPM's oversight program is much improved since our 1992 review, and that OPM is providing constructive leadership to departments and independent agencies in the development of agencies' self-assessment capabilities. Nonetheless, OPM's program still needs refining, and Federal agencies in general need to strengthen their self-assessment efforts and to better coordinate their efforts with those of OPM.

This report also identifies a number of environmental factors and philosophical issues that affect OPM's efforts in this regard. These include emphasis on measuring program success through results rather than process; the need for clear standards in measuring personnel management activities; and a greater shift of personnel management accountability from personnel offices to line managers. It concludes with recommendations to help OPM and Federal agencies strengthen their systems for assessing human resources management.

We trust that you will find this report useful as you consider ways to ensure the continuing effectiveness of the Federal civil service and other merit systems.

Respectfully,

Ben L. Erdreich

# U.S. Merit Systems Protection Board

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# **Civil Service Evaluation: The Evolving Role of the U.S. Office of Personnel Management**

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## Executive Summary

*The Government's program to oversee Federal personnel systems has existed in some form since World War II, when rapid expansion of the civil service necessitated the delegation of personnel authorities to individual agencies. Today the law requires the U.S. Office of Personnel Management (OPM) to assure that Federal agencies operate their human resources management programs in accordance with the standards of fairness, efficiency, and objectivity embodied in the law's merit system principles. To do this, OPM maintains an oversight program that monitors the effectiveness of Federal personnel laws, regulations, and policies, and agency compliance with them.*

*The program has undergone many changes over the years, the most recent a 1995 reorganization that focused attention on the importance of the merit system principles to Federal personnel activities. Because the oversight program is important to OPM's mission and to the health of the civil service, and because significant changes in human resources management are challenging the program's effectiveness, the U.S. Merit Systems Protection Board (MSPB or the Board) undertook a study of how, and how well, OPM performs its oversight function.*

*The study findings reveal an oversight program much improved since 1992, when the Board last reviewed it. At the same time, certain refinements are still needed, such as more consistency in the evaluation approach among field divisions, better use and dissemination of information obtained in the course of oversight activities, and development of ways to focus oversight attention on line managers as their personnel authority continues to expand. This report discusses our findings, describes the continuing challenges to the oversight program, and suggests actions that OPM's director and department and agency heads can take to improve the Government's system for assessing human resources management.*

In 1995, the Office of Personnel Management established a new organization responsible for a redesigned and revitalized program for overseeing human resources management systems in Federal departments and agencies. The new OPM component, the Office of Merit Systems Oversight and Effectiveness (MSO&E) was created from several existing OPM units and given responsibility for three critical goals:

- To protect and promote a merit-based Federal civil service;
- To identify opportunities for improving Federal personnel policies and programs; and

■ To help agencies meet mission goals through effective recruitment, development, and utilization of employees.

To understand the effects of OPM's organizational changes and the results of MSO&E's assumption of these roles, the Board obtained information through reviews of OPM evaluation reports; a focus group meeting with department and agency representatives; interviews in the Washington-Baltimore, Atlanta, and Chicago metropolitan areas; a survey of the agency members of the Interagency Advisory Group Committee on Accountability; and a survey of senior human

resources management (HRM) officials throughout the Government.

We found that reorganization of OPM's oversight program has significantly changed the program's internal structure and methods as well as its external effects and image. Although much of the change has been positive, it has been accompanied by internal problems in consistency and approach that OPM continues to wrestle with. External pressures and trends in current Federal human resources management are also affecting the manner and success with which OPM is performing oversight.

## Findings

### 1. OPM's oversight program enjoys a high degree of top-management support within OPM, and a generally improved image among Federal agencies.

Structural changes within OPM have given the oversight function far better access to OPM's director than in the past, and funding for the oversight program comes from the agency's appropriations, rather than through the sale of staff members' services to other agencies. These changes are indicators of the function's elevated position within the OPM mission. OPM has also expanded the oversight program's coverage to include subjects of specific interest to the organizations being evaluated, rather than relying exclusively on an OPM agenda for agency HRM reviews. This approach has increased the program's value to agencies and has consequently increased their acceptance of it.

### 2. Agencies believe that OPM's success in achieving the program's three stated goals has been uneven.

- For the goal of protecting and promoting a merit-based Federal civil service, 52 percent of the 23 departments and largest independent agencies rated MSO&E's effectiveness as "very great" or "considerable."
- For the goal of identifying opportunities for improving Federal personnel policies

and programs, 26 percent rated MSO&E's effectiveness positively.

- For the goal of helping agencies meet mission goals through effective recruitment, development, and utilization of employees, 22 percent gave a positive rating.

### 3. The abolishment of OPM regions in 1995 has led to a number of improvements in the way oversight field components are used, but there remain issues of consistency in approach and philosophy that OPM continues to address.

As a result of restructuring, organizational lines within the oversight function have been clarified. Field divisions are now given responsibility for review of an entire agency (rather than geographically defined components), and field division staff participate in reviews in geographic areas other than their own. These changes permit adjustments in staffing or other resource needs and have provided the opportunity for field office staff to demonstrate their abilities and versatility. The changes have also contributed to an oversight program goal of "one program, one team." This goal, however, is a work in progress because it involves the formidable task of transitioning from the varying philosophies of six former regional oversight units into one uniform approach to oversight.

### 4. Oversight program effectiveness is influenced by a number of environmental and philosophical issues that have arisen in the HRM community and the Federal workplace as a whole. These are:

- **Emphasis on measuring program success on the basis of results rather than process.** This requires balancing the flexibilities managers need for achieving their desired program results against the focus on process that remains essential to complying with certain legal and public policy requirements (such as reductions in force or veterans preference in hiring, both of which are heavily process-driven).
- **The need for clear standards.** With the focus on results comes the need to

determine what should be measured and the challenge of developing objective measurement standards. Because so many aspects of HRM seem to lend themselves better to subjective assessment than to objective measurement, this is a particularly difficult undertaking.

■ **The shifting locus of HRM accountability.** Since its inception, the oversight program has focused on the personnel office as the point of accountability for human resources management. But the trend towards delegating HR (human resources) authorities to line managers is challenging that tradition. Oversight procedures and practices that focus heavily on the personnel office will not work where the line managers and supervisors are actually making the HRM decisions and are responsible for their consequences. Thus, it is time to begin developing an oversight approach that focuses on the line manager.

**5. Although agency heads have a statutory responsibility to assure internal compliance with HRM laws and regulations, oversight of agencies' HRM programs continues to rest primarily—if not exclusively, in some agencies—with OPM.**

An overall diminution in agencies' capacity to carry out their own internal assessment of HRM is apparent since the Board last reviewed the oversight program in 1992, with a concomitant increased risk of errors that could damage mission accomplishment and harm the merit-based civil service. Many departments and agencies find it hard to maintain an internal oversight capability in the face of staff and budget reductions that generally have been disproportionately large in personnel offices, leaving few HR professionals to engage in oversight work. Thus, OPM's oversight program represents the only HRM evaluation that some agencies have, and OPM's program is spread thinly.

**6. Efforts to develop agency self-assessment programs lack visibility and receive relatively little attention from OPM's oversight field staff.**

Although OPM worked with agencies scheduled for HRM reviews in 1998 to develop self-assessment capabilities, and the product they developed is available as a model for others, these efforts were virtually unknown among agency officials interviewed for this study outside the Washington, DC, area. Neither internal agency communications nor information provided by OPM has resulted in the widespread education of agency field activities about HRM self-assessment. Further, OPM oversight staff in the field are not well-attuned to what OPM headquarters staff is accomplishing with regard to agency self-assessment efforts, nor are they spending any appreciable time or effort on them during their agency reviews.

**7. The quality of analysis and presentation in OPM's oversight reports is uneven; in particular, some executive summaries are written in positive terms that are subsequently contradicted by the description of problems and weaknesses in the bodies of the reports.**

Although more recent reports generally are an improvement over earlier ones, we still have a concern that if busy agency managers read only executive summaries, they may come away with a misleading sense of program well-being. This could make it difficult for subordinate managers to initiate changes that the more detailed text of the reports may indicate are needed or desired.

**8. OPM program offices appear to be inconsistent in their use of information gathered by evaluators.**

Evaluators regularly provide feedback to OPM program offices, whose officials use this information to help monitor agencies' understanding and implementation of OPM programs and to identify areas that need clearer guidance. However, repeated references in oversight reports to a problem do not guarantee that OPM will respond with a change in Federal HRM policy or practice. And any absence of visible outcomes reflects negatively on the oversight program and agencies' judgments of it.

**9. Information that evaluators obtain about agencies' HRM practices is disseminated inconsistently and relatively infrequently.**

MSO&E publishes "Oversight Notes" quarterly, but the manner of distribution varies among the field divisions. Information about agencies' exemplary HRM practices is sometimes shared with agencies' top field managers and sometimes with their HR officials, but not consistently with both. Information on worst practices is not shared with agencies, although OPM has tentatively decided to do this.

## Recommendations

The following recommendations are for consideration by the Director of OPM:

**1. Continue to lead in the development of better means of assessing Federal HRM on the basis of results, and in developing the tools and training needed to measure HRM performance.**

We believe the leadership effort must concentrate first on ensuring consistency in how OPM's oversight staff carry out their task, and then on how OPM can contribute to the development of similar HRM assessment skills in agencies through example, influence, training, and provision of effective tools.

**2. Develop or lead in the development of measurable standards to apply when evaluating HRM; in determining how best to assess "unquantifiables"; and in finding the proper balance between results and process in HR measures.**

Although measurable outcome standards are essential, there must be recognition that the proper application of process can be important to upholding laws or achieving public policy goals.

**3. Take the lead in changing the focus of HRM accountability during oversight reviews from the personnel office to line managers and supervisors.**

Unless accountability is focused on line managers, the risk remains that they will not

be held accountable for the consequences of their HR decisions.

**4. To encourage agencies to implement effective HRM self-assessment programs, consider using a delegations agreement approach similar to that currently used for examining.**

Specifically, develop standards and delegations agreements which, if agreed to by an agency in writing, would make the agency responsible (and accountable) for its own HRM oversight, and would result in OPM's oversight role being largely one of supporting the agency and periodically reviewing and affirming the effectiveness of its oversight efforts.

**5. Encourage the OPM oversight staff to share information with agencies on best and worst HRM practices.**

This information should be shared with both the HR community and with line managers, since our review identified problems with limiting such sharing to only one or the other of these audiences. We suggest making the information available through an OPM web site, but not limiting the effort to this means of dissemination.

**6. Encourage other OPM program offices to make timely and good use of information provided to them as a consequence of oversight reviews, and encourage those offices to share that information with departments and agencies as quickly and openly as possible.**

The following recommendations are for consideration by managers in the Office of Merit Systems Oversight and Effectiveness:

**7. Involve the oversight staff more in the development and implementation of agency self-assessment efforts.**

These are the OPM staff members who, working with staff in the Office of Merit Systems Effectiveness, can lead by example and who can offer practical advice and

guidance on agencies' efforts. The aim should be a well-coordinated, cooperative oversight effort involving OPM and the individual agencies.

**8. With respect to each report that is the record of an oversight review, monitor closely the language and tone of the executive summary to ensure that the summary accurately conveys the findings reported in the text of the full report.**

Because top managers may read only the executive summary, it is essential that the summary does not obscure whatever problems are reported in the full report.

The following recommendations are directed to the heads of departments and independent agencies:

**9. Cooperate with OPM in developing ways to assess HRM on the basis of results; in**

**developing the tools and training needed to accomplish this change in how HRM's performance is measured; in developing measurable standards to apply in HRM assessment; in determining how best to assess the unquantifiable aspects of HRM; and in finding the appropriate balance between focusing on results and emphasizing process in HRM reviews.**

**10. Examine the resource commitments your organizations have made to HRM self-assessment, and determine whether the levels of commitment leave you vulnerable to errors that could damage mission accomplishment and harm the merit-based civil service.**

Join with OPM in finding ways to hold managers genuinely accountable for their HRM decisions and work with OPM in developing a cooperative oversight approach.

# CHAPTER 1

## Introduction

### Purpose of the Study

The Merit Systems Protection Board is required by law to report to the President and the Congress on "the significant actions of the Office of Personnel Management, including an analysis of whether the actions of the Office of Personnel Management are in accord with merit system principles and free from prohibited personnel practices."<sup>1</sup> This report, which addresses OPM's effectiveness in overseeing Federal personnel systems and agencies' personnel programs, complies with that statutory responsibility.

This is the fifth Board report concerning OPM's oversight program since the two agencies were created by the Civil Service Reform Act of 1978 (CSRA).<sup>2</sup> Such extensive review of this OPM program over a period of just under 20 years highlights two facts: (1) MSPB considers the program to be important to OPM's overall mission and to the health of the Federal civil service; and (2) the program has undergone repeated, substantial changes during this time. We consider it important to measure the effects of the most recent changes, particularly with respect to how—and how well—they address concerns identified in our previous reports on this subject.

This report focuses on what has happened to OPM's oversight program since our last (1992) report, with two points of reference:

- Recommendations we made in the 1992 report, and
- The three goals OPM has articulated for its current oversight program.

The current report also examines ways in which recent trends in the delivery of Federal human resources services, coupled with line managers' expanded HRM role, have combined to create significant challenges to the current capabilities of OPM's oversight program. The report concludes with recommendations that we believe will help OPM continue its current improvements to its oversight program.

### Background

OPM's oversight program exists to fulfill certain statutory responsibilities. The program has existed in some form since the entry of the United States into World War II forced a rapid growth in the size of the Federal civil service. That rapid expansion forced OPM's predecessor, the Civil Service Commission, to delegate to agencies personnel authority that previously had been centrally administered. The oversight program was established to ensure proper exercise of that delegated authority. Increased delegation of personnel authority to agencies—a goal of the U.S. Civil Service since the CSRA was passed, and a hallmark of recent Government reinvention efforts—has strongly influenced the tone of the oversight program and expectations for it.

<sup>1</sup> 5 U.S.C. 1206.

<sup>2</sup> The earlier studies are: U.S. Merit Systems Protection Board, "Civil Service Evaluation: The Role of the U.S. Office of Personnel Management," Washington, DC, November 1992; U.S. Merit Systems Protection Board, "U.S. Office of Personnel Management and the Merit System: A Retrospective Assessment," Washington, DC, June 1989; U.S. Merit Systems Protection Board, "Report on the Significant Actions of the Office of Personnel Management," Washington, DC, May 1986; and U.S. Merit Systems Protection Board, "Report on the Significant Actions of the Office of Personnel Management During 1983," Washington, DC, December 1984.

In February 1995, the Director of OPM announced an internal reorganization that included establishment within his agency of a new component, the Office of Merit Systems Oversight and Effectiveness. The announcement noted that this new organization would be responsible for the following three roles:<sup>3</sup>

- To protect and promote a merit-based Federal civil service;
- To identify opportunities for improving Federal personnel policies and programs; and
- To help agencies meet mission goals through effective recruitment, development, and utilization of employees.

MSPB has waited for the leadership of this new OPM component to plan its direction and assert its style and philosophy over the remnants of the predecessor organization. Believing that sufficient time had passed for the effects of the changes to be observed, reported, and evaluated, we initiated this study in May 1997.

### **Information Sources and Methods**

Information for this report came from several sources. We administered two surveys: one to all 67 agency members of the Interagency Advisory Group Committee on Accountability, and one to the senior HRM official in each of the 23 Federal departments and largest independent agencies and in 27 smaller independent agencies or major components of cabinet-level departments. Departmental components were chosen for this survey from among those that had undergone a review by OPM since June 1995 or that were scheduled for such a review during FY 1997.

We conducted a focus group meeting with representatives from 7 departments and agencies, and interviews with more than 40 individuals representing 15 agencies and agency components. The agency interviews were conducted in the Washington-Baltimore, Atlanta, and Chicago metropolitan areas.

In addition, we interviewed nearly 40 OPM officials and employees, including all MSO&E headquarters program managers, the oversight division directors in Washington, Atlanta, Chicago, and San Francisco, and a number of evaluators in the Washington, Atlanta, and Chicago oversight divisions. We also interviewed eight program managers in OPM's Employment Service and Human Resource Systems Service, and the directors and some staff members of the Atlanta and Chicago service centers.

We read more than 90 reports prepared by OPM evaluators since the program changes were initiated. During some agency interviews, agency representatives discussed with us specifics of their organizations' reviews, including information about compliance or other followup activity between the reviewing OPM office and their organizations.

Finally, we reviewed OPM's "Strategic Plan for FY 1997-FY 2002" and an "FY 98 Program Coverage Guide" prepared by OPM staff in cooperation with the eight agencies scheduled for review in FY 1998.

Collectively, these sources provided a multifaceted view of OPM's current oversight program.

### **OPM Review and Comment**

A draft of this report was furnished to the Director of OPM for review and comment by her and officials in the Office of Merit Systems Oversight and Effectiveness. A letter from the OPM director providing their comments is appended to this report. Where appropriate, our final report was adjusted to give due weight to OPM's comments.

<sup>3</sup> Carol Okin, "Federal HRM Oversight Gets a New Start," *The Public Manager: The New Bureaucrat*, Summer 1995, pp. 20-22.

## CHAPTER 2

# How the Program Operates and What Has Changed

### Structure

Before OPM's 1995 reorganization, the oversight program, together with the systems innovation and simplification, classification, labor relations and workforce performance, compensation policy, and workforce information programs, all reported to a single associate director. The oversight program's relationship with these other programs (many of which had significant potential to raise high-profile issues), was marginal at best. Oversight was not in a strong position to compete with these other programs for the attention of its own associate director and thus the program's officials were handicapped in their ability to raise issues to the OPM director.

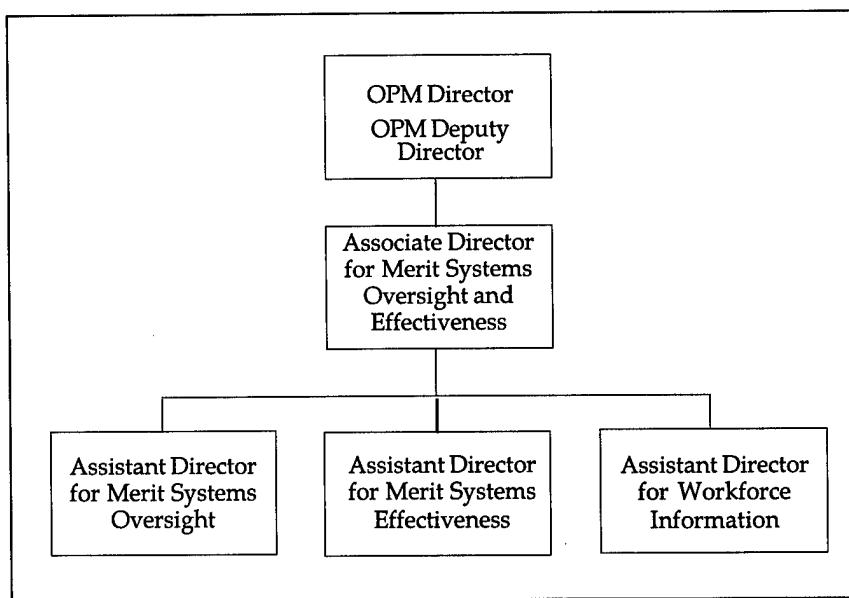
Under OPM's current organizational structure, oversight is managed by one of three assistant directors who in turn report to the associate director for MSO&E. As shown in the chart, right, this gives the oversight function far better access to OPM's director than it has had in the recent past.

The three components that now make up MSO&E share a better defined community of interest than existed under the previous organization. They also share a focus on the three goals that OPM has established for the program, which are identified in the

introduction to this report. The oversight component is by far the most resource-intensive, and also is the component most likely to raise high-profile issues. In such a setting, the oversight program should have no problem getting and holding the attention of top management, including that of the OPM director.

OPM's Assistant Director for Merit Systems Oversight heads a staff of approximately 120 employees who are organized into a headquarters and 6 field divisions. This organization also includes a small group who specialize in classification appeals and Fair Labor Standards Act determinations.

Direct data analysis support for the oversight effort is provided by the program analysis division, which falls under the Assistant



Director for Merit Systems Effectiveness, who also directs the work of the program development division. This organization works with demonstration projects and has the lead role in developing self-assessment tools for agencies' use.

The Assistant Director for Workforce Information heads an organization that was added to MSO&E in 1997. This organization is responsible for maintaining OPM's Governmentwide HRM data bases, including the Central Personnel Data File (CPDF), and for providing information from those data bases to OPM components and other organizations, including MSPB.

Within the Washington area, communication and cooperation between the oversight and effectiveness components appears excellent, and steps have been taken to integrate the newly acquired workforce information group into the MSO&E organization. Oversight field divisions outside the Washington area enjoy a good working relationship with the program analysis division of the effectiveness group, but their ties with the work of the effectiveness group's other division (the program development division) are not so well defined.

## Operations

The oversight program currently is structured so that OPM can assess the state of HRM in 23 departments and major independent agencies on a 4-year cycle. In comparison, when we last reviewed the program, its comparable goal was to review, on a 5-year cycle, every establishment with 100 or more employees. The program remains capable of conducting other reviews as data or special requests dictate. And as we discuss later in this report, the program is also responsible for continuing review of delegated examining.

In each year of the current 4-year cycle, several departments and independent agencies are identified for review. (An undefined number of the smaller agencies also may be scheduled each year, as time and resources permit.) As each agency is identified for

review, a sample of suborganizations and installations sufficient to provide a complete picture of HRM at all organizational levels is prepared. Thus, in FY 1996 the review plan called for evaluating 7 of the largest agencies, including 120 installation reviews. In FY 1997 the plan called for evaluating another 8 of the largest agencies, again including 120 installation reviews.

While similar to OPM's previous oversight methods, this approach to scheduling is different in a key way: work involving a specific department or agency is concentrated and completed in a given year—an improvement for both the agencies involved and for OPM because it results in a comprehensive picture of agency-wide HRM strengths and weaknesses.

There are other differences that distinguish OPM's current approach from that of the past. One is that each year an evaluation agenda is developed to obtain information about specific Governmentwide HRM policies and practices as well as substantial information about the agencies being reviewed. For example, during the FY 1997 review cycle, OPM's evaluation plan called for the following topic areas to be examined during all of the year's reviews: use of incentive awards; appropriateness of non-technical training; appointments of new employees from outside sources; internal placements; and downsizing and career transition activities.

Another difference from past practice is that OPM staff now work with the agencies under review to include items of particular *agency* interest in each review agenda. For example, at the Department of Commerce, the add-on to the department's FY 1997 review was a review of the transformation of the roles and relationships of HR professionals and line managers. Likewise, at the request of the Department of Agriculture, OPM added personnel office servicing, streamlining at the Department, and partnership/complaint avoidance to the department's FY 1997 review.

Including agency concerns in OPM's oversight agenda increases the oversight program's value to the reviewed agencies. It also can lead to significant resource commitments by the agency (e.g., when agency staff participate in planning the review or are assigned to the review team), and opens the way for establishing or improving communications between OPM's oversight component and the agency involved.

## Focus

The current program is focused on the statutory merit system principles much more than in the past, a development that we find to be positive because it helps to foster a broad perspective on Federal human resources management and prevent a narrow, overly technical view. A strong effort is now made to link all review activity, and all reported findings, to one or more of these principles. The reports now include (in what is essentially boilerplate language about the expected outcomes) an explanation of how a particular program should contribute to accomplishing the applicable merit system principle(s).

In theory this approach provides a clear link between policy and procedural activity and the legally expressed values that those policies and procedures should support. However, as one agency representative observed, the current effort to associate virtually every HR process or procedure with one or more merit principles creates the potential for trivializing the principles. Quite simply, not all HR practices and procedures have equal impact, and not all serve to protect merit equally. While the merit principles exhort agencies to good behavior in a variety of areas, not every aspect of HRM is easily associated with a specific principle (or multiple principles). And relying so strongly on merit system principles as a structure for evaluation reports risks detracting from the reports' value as a behavioral guide to line managers and HR officials. OPM's oversight reports should clearly identify the relative importance of issues they address.

Having a sense for which aspects of HRM are of more or less consequence is particularly important for line managers, who increasingly are being recognized as the officials accountable for human resources management. In fact, in most cases, managers' HRM responsibilities and accountability are increasing at the same time that their access to professional HRM advice and guidance is decreasing.

These managers need to know where to put their primary emphasis—which practices and procedures are absolutely critical to the operation of a merit-based HRM system. But by appearing to treat all procedures and practices as equal, OPM's oversight program runs the risk of desensitizing those managers to the truly important core values and concerns of a merit-based civil service. Since fine-tuning of the oversight program is still going on, MSO&E management may find this a fruitful area for further program refinement.

## Methods

Once the oversight agenda and review locations are set for the particular agency being reviewed, the review methods are determined. OPM relies heavily for prereview information on statistical data drawn from its computer files, information obtained through contacts with its own program offices, and a questionnaire that it administers, before going onsite, to a sample of managers, supervisors, and nonsupervisory employees of the agency. The team (which, at the option of the reviewed agency, may include agency personnel) uses this prereview information to focus its efforts. OPM makes a strong effort to minimize requests for advance information from the sites to be visited.

The onsite phase of each review—generally scheduled for a week—includes interviews with managers, supervisors, nonsupervisory employees, and staff in the personnel office. The team also reviews personnel records. In the end, the review team makes judgments about the state of HRM at the facility and provides information that is used in the composite report for the entire organization (de-

partment or agency). Each onsite review is followed by either an oral or written report of findings (often both) and may include both recommendations aimed at strengthening or improving HRM and actions required to correct violations of laws, rules, or regulations.

During the onsite phase OPM's evaluators may function in multiple roles, including HRM program expert, consultant, and "police officer." One notable characteristic of the revised oversight program is a change in the relative emphasis placed on each of these roles, a change remarked on by most of the agencies that have been reviewed since 1995. OPM now emphasizes the consultant and helper roles, acting in its enforcement role only when absolutely necessary. Both in our interviews and in replies to our questionnaire, sources in the agencies indicated that this change in emphasis—which produces a major change in program tone—is increasingly evident.

The current program contrasts with the pre-1995 program in other ways as well. Before 1995, most of the program's onsite activity was conducted through 1- to 3-day "installation assessment visits." These short visits were aimed primarily at "gathering personnel management data to supplement those available from OPM's Central Personnel Data File (CPDF) and used for statistical analyses done at OPM headquarters."<sup>4</sup> At best the visits provided OPM's oversight staff a minimal presence in agencies and were not highly regarded by either the agencies themselves or by MSPB. Installation assessment visits are no longer part of the program's methods. In addition to planning and executing its scheduled annual agency reviews, the oversight component maintains a capability to conduct "as needed" reviews. These are usually triggered by the receipt of information that suggests either a systematic violation of merit system principles or the commission of prohibited personnel practices in an agency.

While the initial information may come from almost any source, it typically originates in another OPM component or with sources within the affected agency. OPM does not specifically hold back a portion of its oversight capacity in anticipation of such reviews, but adjusts assignments to make staff available when the need arises. This capacity is similar to the earlier program's "targeted installation reviews," which were focused, onsite reviews used to address a very small number of situations in which OPM perceived specific compliance problems at an installation or agency.<sup>5</sup>

### **The Role of Field Components**

Another key difference between the program of today and that of 6 years ago is in the role OPM assigns to the field components in its oversight organization. In the past, the oversight program was centrally directed but locally administered. That is, the headquarters staff determined issues such as the scope of reviews, organizations and installations to be reviewed, tools to be used in conducting the reviews, and the overall expectations for the total program each fiscal year. The actual reviews were carried out by the oversight components in the five OPM regions and a sixth operating oversight unit in Washington, DC. This top-down approach did little to encourage innovation outside headquarters. In addition, the regional structure left the field oversight components in the difficult position of serving two masters—their program leadership at headquarters and their respective senior executive regional directors at the local level.

OPM regional boundaries had the effect of confining each group of field evaluators to a particular geographic area and denied them the opportunity to get to know agency components outside that area. And strong regional directors placed their own imprints on the operations of the oversight program within their respective jurisdictions. This changed in 1995 with the abolishment of OPM's regions.

<sup>4</sup> U.S. Merit Systems Protection Board, "Civil Service Evaluation: The Role of the U.S. Office of Personnel Management," Washington, DC, November 1992, p. 6.

<sup>5</sup> Ibid., p. 6.

Although that step reduced OPM's presence in key cities outside the Washington, DC area (a point commented on both by agency representatives and OPM staff during interviews), it did clarify organizational lines within the oversight function and opened the way for different—and improved—use of field evaluators. Now, each field division is routinely given responsibility for planning and executing one or more of the agencywide reviews conducted each year. Although geographically still dispersed among the old regional headquarters cities (and in some few cases in other locations as well), team leaders from the various field divisions now lead teams that may include OPM staff from field divisions in other geographic areas. Likewise, staff from one part of the country may now find themselves participating in a review in what until recently would have been within the geographic jurisdiction of another region.

These organizational and operational changes permit adjustments in staffing or other resource needs and have provided new opportunities for field office staff to demonstrate their abilities and versatility. These changes have also contributed to the MSO&E associate director's goal of having "one program, one team," which alludes both to efforts to smooth out the inconsistencies among the former regions and to her intent to make the work of the oversight and accountability components complementary to each other. More will be said about this goal later.

### **Added Oversight Activity**

As noted earlier, a further difference between the current and old oversight programs is found in a change in the organization responsible for review of delegated examining units (DEU). Acting for the OPM director, OPM's associate director for Employment Service delegates examining authority to an agency's top personnel official. That individual may not redelegate the authority but may certify a DEU to exercise the delegated authority.

Historically, review of DEU activity has been a

responsibility of the OPM component that conferred the delegated authority. However, recent decisions to fund the employment service component largely on a reimbursable basis (meaning that this component must support itself by selling its services to agencies) created a potential conflict of interest with regard to the employment service staff continuing to review DEU activity. Consequently, DEU oversight was transferred to the oversight organization. In addition to maintaining its general review schedule, the oversight staff must also conduct periodic reviews of delegated examining units. Where possible these reviews are conducted as part of broader reviews; often they are conducted independently of other oversight activity.

### **Use of Statistical Information**

The oversight program continues to rely heavily on information from the CPDF and other computer data base sources. Since our last review of this program, OPM has developed relatively sophisticated data analysis packages and, through local and wide-area computer networks, has linked all oversight staff with the evaluation data base. All evaluators receive training in the use of these tools. Prereview use of statistical and other computerized information helps focus each review team's onsite effort. Access to these data also reduces the volume of information OPM review teams request from each installation or agency in advance of a review.

Another change in OPM's oversight program pertains to one of the earlier program's products. When we last looked at the program, one of its major products was a statistical summary called the Personnel Management Indicators Report, or PMIR. The PMIR provided aggregate data from the then 22 largest Federal departments and agencies on a variety of personnel programs. It also rated and ranked each agency against a standard score<sup>6</sup> and periodically was sent to agency heads. One of its purposes was to provide the OPM director and staff with comparative data

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<sup>6</sup> Ibid., p. 6.

about the personnel programs in each of the largest agencies.

We noted in our 1992 report that the PMIR was viewed within OPM "as a major report to the agencies on how OPM views the agencies' personnel management programs." But we also noted that most agencies did not assign the degree of importance to the PMIR that OPM did, and we recommended that OPM discontinue its distribution to agencies. OPM has followed through on this recommendation.

While still a tool of OPM's oversight program, the PMIR no longer occupies the preeminent role it had. Now it is used routinely only within OPM, where Oversight staff prepare a particular agency's report and analyze it in advance of the agency's review. In addition to providing current information concerning numerous indicators, where organizations have remained stable the report can provide as much as a 10-year historical view. And it remains available for use by agencies

### **Internal Communications**

Finally, OPM's reorganization has resulted in two important improvements in internal communications, while some other improvements that should also be a consequence of the reorganization have not occurred. One improvement already alluded to is the development of stronger links between the oversight and effectiveness staffs: "Oversight" is successor to the agency compliance and evaluation staff, while the "Effectiveness" organization stems from OPM's former Office of Systems Innovation and Simplification. Originally tenuous, the links between the two organizations have been strengthened by the reorganization. The effectiveness staff currently complements the oversight function through helping develop the evaluation agenda for the next fiscal year's reviews, and—using an Interagency Advisory Group accountability committee—by helping develop a self-evaluation approach that agencies can adopt or adapt for their own use. The oversight and effectiveness staffs have also worked together

to identify ways to use available data to improve the oversight program.

The other improvement is in communications with other OPM components: A good oversight program should be the eyes and ears of other program components in OPM. And because it is difficult for generalist evaluators to remain up to date on the nuances and technicalities of all HRM programs, their effectiveness at least partially depends upon information sharing between them and the program offices.

We interviewed a large number of OPM managers, both at headquarters and in the field, who belong to organizational units other than Merit Systems Oversight and Effectiveness. We found that MSO&E shares its reports with OPM program offices before publication and that most of the program managers either personally read them, or have members of their staffs read and digest the reports for them. MSO&E also shares its reports with OPM's Office of the General Counsel whenever there are unusual or potentially controversial findings.

OPM program officials outside MSO&E reported that information from the oversight reports improves their ability to monitor the agencies' understanding and implementation of their programs and helps them identify areas that need clearer guidance. This has been particularly the case with respect to external staffing activity, where evaluators' findings have prompted employment service staff to provide delegated examining units with additional guidance on a variety of technical issues, and especially on alternative rating and ranking procedures.

Evaluators and managers in all of the oversight locations we visited agreed that the evaluators have open communication to the various OPM program offices during the planning, execution, and followup phases of reviews. This was confirmed by the program officials we interviewed. In addition, the oversight divisions and employment service

officials participate in monthly and as-needed conference telephone calls. While the primary focus is to keep evaluators informed of recent developments in recruiting and hiring policies and practices, these conference calls also give evaluators a regular forum for discussing unusual or questionable staffing situations they have observed. This practice appears to have helped both the oversight and employment service programs. It should also be beneficial to agencies since it helps ensure that they receive timely guidance and are measured against consistently applied rules, regulations, and policies.

Along with these positive findings about internal OPM communications, we encoun-

tered some negative comments. More than one OPM program manager expressed concern that the evaluators were not keeping up to date on how agencies interpret program regulations. For example, one OPM manager told us that evaluators were continuing to review a particular program from the perspective of strict compliance with the language of the regulations, while the program office had been telling agencies for more than 3 years that "if your interpretation is not specifically prohibited by our regulations, then you may do it." The same program manager also expressed disappointment that MSO&E managers wait until after the onsite review to seek the involvement of the program staff.

## CHAPTER 3

### Resources Committed to Oversight

One measure of a program's importance is the resource commitment made to it. At our request, OPM provided us information on the staff dedicated to the oversight program, as well as the salary and benefits money associated with those staff resources. We asked that the information go back as close to 1992 (the year of our last report on this subject) as possible. As the table shows, OPM provided information for fiscal years 1993 through 1998:

Although OPM staff reported that these are the best figures for the period, they raised some cautions about the numbers. For example, resources were tracked in different ways at different times during the reporting period. In some years reimbursable dollars for the oversight function were lumped together with reimbursements for other functions, making it impossible to separate out dollars associated strictly with oversight. Also, prior to FY 1996, oversight divisions in field locations received funding from a number of nonoversight functions such as labor relations

or performance management, meaning that some staff attributed to oversight divisions were not always doing oversight work. Before the revitalization of the oversight function in the second half of FY 1995, there was no particular emphasis on close tracking of resources or accurate recording of fund shifts when regional directors exercised their authority to reallocate dollars. Since then, however, oversight's allocated staff and dollars have been carefully tracked.

Despite the imperfections in the records of staff and dollar allocations, the records do give us a general picture of where the oversight program has been and where it seems to be heading. First, from FY 1993 to FY 1995 the program steadily lost budgeted dollars and underwent staff reductions. Second, since the program was revitalized during FY 1995, it has experienced a 28-percent growth spurt in 1 year followed by 2 years of slow growth in an overall Government environment where staff and dollar reductions were the norm.

**Oversight Program Staff and Salary-Related Dollar Allocations**  
(Dollars in thousands)

	<b>FY1993</b>	<b>FY1994</b>	<b>FY1995</b>	<b>FY1996</b>	<b>FY1997</b>	<b>FY1998*</b>
<b>FTE**</b>	134	115	88	113	117	121
<b>Dollars</b>	7,730	6,933	5,716	7,549	8,042	8,672

\* FY1998 figures are projections.

\*\* Each "FTE" is a "full-time equivalent" position, or 2,088 hours of staff time in a year, and may be filled by more than 1 person.

This is tangible evidence of OPM's commitment to maintaining its oversight program.

Some observations about the effects of RIF's (reductions in force) on the cost of the oversight program are in order. Some—perhaps a relatively large—portion of the FY 1995 to FY 1996 dollar increase resulted from vacant oversight positions being filled by staff members affected by RIF's in other OPM units. One immediate effect of these placements—of what usually were longer service, higher paid staff members who often were experienced in various personnel specialties, but not necessarily in evaluation techniques—was to increase the oversight program's salary costs without necessarily providing an accompanying increase in the program's effectiveness.

What is most significant is that the oversight program operates without the need to recover its costs from other agencies. Its funding is totally from OPM's appropriations, and its staff members are, therefore, not dependent

upon selling their services to departments and agencies to stay in business. According to interviews we conducted for this study and resource information provided by OPM, that was not the case during the years immediately preceding the 1995 reorganization. Instead, at that time, OPM found it necessary for part of each year to encourage its oversight staff to seek reimbursable work with agencies to support their jobs and salaries. In addition to lowering morale among the oversight staff (and contributing to the loss of experienced evaluators who sought and found employment elsewhere), that approach damaged the oversight program's image. While the current funding approach and an increased oversight presence have largely repaired this damage, we found that some agencies still question whether OPM's oversight program can add anything of value to their HRM programs. These doubts may be attributed to some degree to perceptions created by the program's reduced presence and "wounded duck" image of the early 1990's.

## CHAPTER 4

# Today's Oversight Program Goals: Context and Status

As noted earlier in this report, the oversight function has three roles:

- To protect and promote a merit-based Federal civil service;
- To identify opportunities for improving Federal personnel policies and programs; and
- To help agencies meet mission goals through effective recruitment, development, and utilization of employees.

The establishment of these three functions as the goals of the oversight program is supported in law, and the appropriateness of the goals is reinforced by the human resources management needs and environment—discussed in the sections below—that exist in Government today.

Title 5 of the U.S. Code, in section 1103(a), makes the Director of OPM (or the director's designees) responsible for enforcing the laws, rules, and regulations governing the Federal civil service. The law also requires OPM to:

*\*\*\* [E]stablish and maintain an oversight program to ensure that [personnel management activities] are in accordance with the merit system principles and the standards established [by OPM].*

5 U.S.C. 1104(b)(2)

Further, the law makes the OPM director or designees responsible for:

*[A]iding the President, as the President may request, in preparing such civil service rules as the President prescribes, and*

*otherwise advising the President on actions which may be taken to promote an efficient civil service and a systematic application of the merit system principles, including recommending policies relating to the selection \*\*\* tenure, and separation of employees.*

5 U.S.C. 1103(a)(7)

Each of OPM's oversight goals is derived, either directly or indirectly, from these provisions of the law. And, in undertaking each of them, OPM has faced a variety of issues and difficulties and has achieved varying degrees of success. Below we address these issues, how OPM is dealing with them, and how well each program goal is being realized in the process.

### ***Goal: Protecting and Promoting a Merit-Based Federal Civil Service***

#### **OPM Leadership and the Agencies' Role.**

The statutory language regarding protecting and promoting a merit-based Federal civil service is echoed elsewhere in title 5, but with reference to agency heads rather than the Director of OPM:

*The head of each agency shall be responsible for the prevention of prohibited personnel practices, for the compliance with and enforcement of applicable civil service laws, rules, and regulations, and other aspects of personnel management. Any individual to whom the head of an agency delegates authority for personnel management, or for any aspect thereof, shall be similarly re-*

*sponsible within the limits of the delegation.*

5 U.S.C. 2302(c)

Thus, as a matter of law, the role of preventing prohibited practices and promoting merit does not rest exclusively with OPM. As we have long believed, and continue to maintain, an effective HRM evaluation system includes "activities by OPM, by Federal departments and agencies, and by individual installations."<sup>7</sup> As the Government's central personnel agency, OPM has a leadership role in creating this comprehensive oversight approach.

The reality, however, suggests that this ideal of a comprehensive HRM evaluation system incorporating resources of OPM, departments and agencies, and installations is a long way from being realized. Our 1992 report on the oversight program describes OPM's activities aimed at providing leadership to agency evaluation programs, but concludes that despite OPM's efforts, most agencies don't perceive the evaluation of HRM activity as important to mission accomplishment. The report states:

Although the [OPM oversight] program supposedly was redirected toward line management 20 years ago, OPM, by its strategic plan, indicates that it is still trying to convince managers to make [HRM oversight] an integral part of management today. If OPM wishes agency managers to make [oversight] an integral part of management, a change in organizational culture in each agency is needed.<sup>8</sup>

Only limited progress appears to have occurred since we made those observations. In fact, we believe that since our 1992 report on

oversight, there has been an overall diminution of agencies' capacity to carry out their own internal assessments of HRM activity. From our visits to agencies and installations in 1997 we learned that many departments and agencies find it hard to maintain an internal oversight capability in the face of staff and budget reductions which generally have been disproportionately large in personnel offices, leaving few HR professionals to engage in oversight work. In many departments, HRM oversight responsibility is now assigned to a single staff person, sometimes as a collateral duty. It is also possible that the difficulty of establishing appropriate accountability measures in the rapidly changing workplace environment has contributed to this weakness in agencies' internal oversight programs. Whatever the cause, we are concerned with what we perceive as a generally diminished agency capability—or interest—in assessing the HRM function, especially compliance with laws, regulations, and Governmentwide HRM policies.

Given this situation, oversight of agencies' human resources management continues to rest primarily—if not exclusively, in some agencies—with OPM. It is encouraging, however, that the accountability group of MSO&E is working with agencies to develop models for self-assessment.<sup>9</sup> Perhaps in time these efforts will produce agency self-assessment systems or programs that seamlessly interface with OPM's oversight efforts. Perhaps in time agency programs will even become the primary means for protecting the merit system, with OPM operating in the background. But right now, OPM's oversight program appears to be an essential tool for protecting and promoting the Federal merit-based civil service, and we believe that its current iteration is an improvement over what it replaced.

<sup>7</sup> *Ibid.*, p. 10.

<sup>8</sup> *Ibid.*, p. 17.

<sup>9</sup> During 1997, staff members of OPM's Merit Systems Effectiveness office spent a considerable amount of time with the agencies scheduled for review during FY 1998 to develop a self-assessment agenda. Time will tell whether this effort will include adequate focus on regulatory compliance and merit system oversight issues, and whether agencies will allocate to it the resources necessary to make it work.

## Regulatory Compliance and Results Versus Process

A large body of laws and regulations exists to ensure that actions taken in the Federal civil service are merit-based. Reviewing agencies' compliance with those laws and regulations is crucial to the goals of promoting and protecting a merit-based Federal civil service. Therefore, OPM's inclusion of a compliance component in its reviews is essential to the comprehensiveness of the oversight program. In recent years, however, the concept of regulatory compliance seems to have taken on negative connotations, perhaps because of the recurring "let the manager manage" theme of the National Performance Review<sup>10</sup> (NPR), as well as the focus on results, rather than process, that is central to the Government Performance and Results Act.

There is, in fact, considerable support for the notion that emphasizing compliance is somehow inconsistent with leadership in the human resources profession. A key 1993 NPR report urged that "HRM staff advisors should be viewed as part of the management team, not servants of management or the system's police."<sup>11</sup> More recently, in a report describing a competency model for Federal HR professionals, the National Academy of Public Administration (NAPA) stated that "HR leaders must market their results- and mission-driven role within the agency, assert themselves as leaders and strategists, and reposition HR from an administrative function to a strategic partner."<sup>12</sup> The NAPA report made it clear that NAPA does not easily include "policing" (compliance) as one of the roles the authors envision for HR professionals. While these statements are concerned with the agencies and not OPM, they can lead to questioning of even OPM's compliance work.

We agree that managing for results rather than focusing on the processes intended to

achieve those results is an appropriate objective. Further, HRM assessment that measures results rather than process would, perhaps more than any other program change, enhance assessment in the eyes of line managers. At the same time, however, we believe that insufficient attention to regulatory compliance is both unfortunate and shortsighted, since one of the distinguishing features of a merit-based civil service system is the way in which it achieves fair and equitable results through the consistent application of personnel laws, rules, and regulations. The plain fact is, as we pointed out above, both the agencies and OPM have a clear statutory enforcement role. Given this fact, plus most agencies' only slight efforts at self-assessment, the issue is not whether OPM should have a compliance role, but rather, how well it executes that role and how it emphasizes that role relative to other roles.

For some important perspectives on how OPM fulfills its role in protecting the civil service, we turned to Federal department and agencies. In response to a survey question, the departments and agencies gave MSO&E generally high marks for its capacity to protect and promote a merit-based civil service. Figure 1 (page 16) depicts these survey results.

It should be noted that agencies that had undergone review by OPM since the oversight program was overhauled were somewhat more positive in their views than were agencies that had not yet been reviewed under the new approach. In some cases this may mean that agencies are predisposed to expect a negative experience, but when they undergo the new approach they find it to be an improvement over the old one. However, despite the relatively positive views depicted in figure 1, the comments in questionnaires that were returned to us were not unanimous in praising OPM, as the quotes about MSO&E that follow show. (The questionnaires were completed by

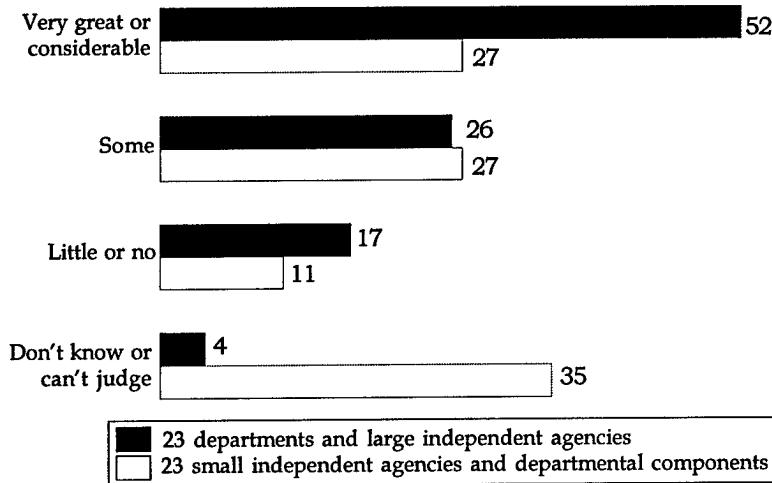
<sup>10</sup> In 1998 this organization changed its name to the "National Partnership for Reinventing Government" while keeping the "NPR" acronym.

<sup>11</sup> National Performance Review, "Creating a Government that Works Better and Costs Less, Reinventing Human Resources Management, Accompanying Report to the National Performance Review," Washington, DC, September 1993, p. 4.

<sup>12</sup> National Academy of Public Administration, "A Competency Model for Human Resources Professionals," Washington, DC, June 1996, pp. 4-5.

**Figure 1. Agency responses to the question, "To what extent is MSO&E effective in protecting and promoting a merit-based Federal civil service?"**

*Percent responding:*



Note: Totals may not equal 100 percent because of rounding

program that for many years relied heavily on review of processes to one that focuses more on outcomes is not easy under any conditions. When coupled with efforts to convert the collective thinking of six former regional oversight units into one uniform philosophy, the challenge becomes formidable. Perhaps the relatively few negative comments offered by the individuals we interviewed are best viewed as an encouraging indication of how the program is developing.

While questionnaire respon-

dents were more positive than negative on the issue of MSO&E's effectiveness in protecting merit, an adamant minority of them expressed a preference for a reduced OPM compliance presence. In their view, the extensive flexibility resulting from the new emphasis on outcome rather than process has reduced the need for the kind of third party compliance oversight (as discussed under the "How the Program Operates and What Has Changed" heading of this report) that OPM provides. These respondents believe their own organizations should be the point at which oversight is exercised. We've already noted that this is a valid view, especially since agencies have a legal responsibility for ensuring compliance. But we don't agree that OPM is no longer needed, particularly since we remain concerned that many agencies are not exercising effective oversight of their own.

In a perfect world all managers' and supervisors' HRM decisions would be fair and equitable and require no third-party review. Or agencies would have sufficient internal safeguards in place to identify and correct all of their HRM problems. But in the absence of such perfection, OPM's oversight program must remain a part of the system of safeguards available to protect the merit-based Federal

headquarters representatives of departments, independent agencies, or departmental components.)

We also conducted interviews with officials at a wider range of organizational levels in order to get an expanded view of the program. Many of these interviews were with line managers or personnel officials in offices physically and organizationally removed from their agencies' headquarters. From the vantage point of field organizations that had undergone an OPM oversight review since the 1995 changes, they expressed a range of views similar to those at headquarters. Most agreed with their headquarters counterparts that OPM's program provides a firm footing for promoting and protecting a merit-based civil service, and most indicated that this was primarily accomplished through a visible regulatory compliance presence. A small number of those interviewed, however, characterized OPM's restructured evaluation effort as still focusing too heavily on procedural detail and too little on overall outcomes.

To some extent, organizations' views may differ because they have dealt with different individual evaluators or evaluation teams. The transition from conducting an oversight

## Contrasting Views of OPM's Office of Merit Systems Oversight and Effectiveness in its "protect and promote a merit-based Federal civil service" role

### *Positive*

Given the cutbacks in OPM resources, I think the very presence of this office serves as a deterrent to control blatant abuses in the merit system. I find it helpful to be able to point to the OPM organizational chart and indicate to senior managers that \*\*\* if we don't follow these rules \*\*\* this office will be looking over our shoulder."

*(An independent agency)*

MSO&E is particularly effective in performing effective compliance evaluations of agency HRM programs. In particular our components cited the detailed reports they received as being thorough and helpful.

*(A department)*

We believe the very fact that OPM is "back in the business" of oversight should heighten awareness within agencies to ensure that merit principles are being applied.

*(A department)*

On-site agency reviews were very constructive in the past and are so today. The reviews have been constructive in providing us with bench marks on our operations and in providing ideas for improvement.

*(A departmental component)*

### *Negative*

Reports have not been particularly useful; they seem to believe that newer [HRM] approaches [by agencies] will undermine the integrity of the system; they seem to have little trust in Government managers to "do the right thing."

*(A departmental component)*

The Oversight review was still a little too detailed and reactive and the Oversight team was not aware of flexibilities in key HR areas which have been given by the policy side of OPM. \*\*\* Members of the Oversight team also varied in orientation and approach which seemed to create different standards for review based on the composition of the team (i.e., a different team reviewed each [component] with each team independently drafting its own report).

*(A department)*

They duplicate what we are already doing for ourselves – do not see value added.

*(A department)*

civil service as well as to support other public policy requirements, such as veterans preference and workforce diversity.

### **Beyond Compliance**

As important as regulatory compliance is to protecting and promoting a merit-based civil service, achieving this goal demands more than just enforcement. People with delegated HRM authority must be taught how best to carry out those delegations with merit in mind, and the proper merit-related values must be instilled in them. Also, OPM must ensure that the rules and regulations that agencies are expected to follow are rational

and serve the intended purposes. One way MSO&E is accomplishing this role is through building and maintaining a close working relationship with OPM's program offices, because those offices' rules, regulations, and procedures are the basis for the oversight staff's agency reviews.

This close working relationship is best demonstrated through the ties that have been developed between MSO&E and Employment Service, especially with respect to delegated examining. The two organizations interact continuously, and all evaluators are encouraged to take part in meetings and phone

conferences that bring the two units together. A goal of these regular contacts is to keep the evaluators up to date on the rapidly changing world of examining, and to allow the evaluators to bring unusual situations to the attention of the staffing experts. As we noted earlier, review of delegated examining is a relatively new responsibility for the oversight staff. They are grappling with finding the balance between the flexibility that managers need and the application of the specific examining laws, regulations, and procedures that exist to protect the merit principles. In this undertaking, the oversight staff is being given substantial assistance by their Employment Service counterparts.

### ***Goal: Identifying Opportunities for Improving Federal Personnel Policies and Programs***

#### **Improving HRM in a Results-Oriented Environment**

A traditional theory of managing systems holds that a key role of any feedback mechanism (including an evaluation program)<sup>13</sup> is identifying opportunities for improvement. This has been a stated purpose of OPM's oversight program since at least the 1970's.<sup>14</sup> Today, however, identifying what can and should be improved in the HRM arena is more complicated than it was in the days when programs and processes were fairly uniform from agency to agency and OPM could initiate changes by fiat. Emphasis on deregulating and simplifying personnel processes has shifted the focus of Federal human resources management from processes to results, and making the transition is proving difficult for many reasons, including these:

- Most current Federal managers and supervisors grew up in the old system and have long been conditioned to think of personnel management as something that the personnel office does for them. And personnel staff also grew up under

the old system. Neither group was particularly well prepared to make the transition when it was initiated, and efforts to prepare them for (or reconcile them to) the changes that are occurring have been uneven.

- Most agencies had layered their own additional requirements, almost always expressed in procedural terms, on top of OPM's. Removal of OPM's procedural requirements has not necessarily meant that agency managers have seen change, since their own organization's requirements may still be in place.
- It has not proven easy to determine how to measure by results in the HRM arena. What outcomes are to be measured, and how, is something that many organizations are struggling with in every context, including managing human resources.
- The aforementioned changes in emphasis and shifts in focus have been accompanied by downsizing of the Federal workforce. The downsizing has intentionally been disproportionately higher in central control functions, including personnel offices. Thus, as managers are being "freed" to make HR decisions, most find themselves with less professional HR support to turn to for assistance. Even optimists may see these opportunities as somewhat overwhelming.

It may be the effects of these difficulties that account, at least in part, for agencies' more negative view of OPM's effectiveness in achieving the goal of identifying opportunities to improve Federal human resources management. As figure 2 shows, our surveyed organizations were less positive in their marks for this goal than the first one. The fact that only about one-fourth (26 percent) say MSO&E achieves this goal to a "very great or consider-

<sup>13</sup> See, for example, Rocco Carzo, Jr., And John N. Yanouzas, "Formal Organization, A Systems Approach," Richard D. Irwin and the Dorsey Press, Homewood, IL, 1967, p. 336.

<sup>14</sup> Federal Personnel Manual Supplement (Internal) 273-73, September 1972.

able" extent is a clear indication that there's room for improvement. Again, it should be noted that agencies that had undergone a review after the 1995 reorganization were somewhat more positive than those not yet reviewed under the program's new approach.

**Governmentwide improvements.** The oversight staff is an important element in OPM's efforts to improve policies and programs that apply to the entire Government. Not being part of the OPM offices that write or administer these Governmentwide requirements, the

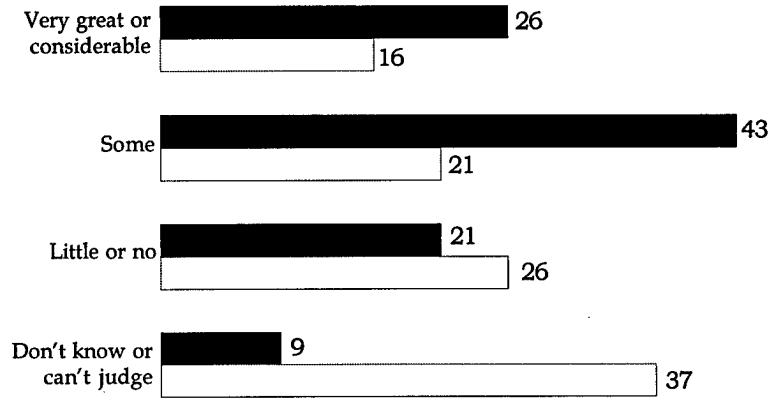
oversight staff is in a good position to judge, from a disinterested viewpoint, the real-life effect of these policies and whether they're achieving their stated purpose. The evaluators' feedback to the appropriate OPM program office (or to an agency's policy organization) occurs in several ways: direct contact when particular issues arise; summary reports submitted following a review; and post-review discussions to explore an issue in more depth. And communications are not one-way: OPM or agencies' program offices may bring issues to the attention of the oversight staff at any time.

Establishing a special focus for each year's review cycle is an example of how MSOE has tried to provide to other OPM program offices maximum feedback capability from its efforts. In the course of each nationwide review of a department or agency, particular policies or programs are selected for special attention, and the evaluation staff provides the program office responsible for the selected programs a good view of how they're being implemented and what effects they're having.

The oversight staff also are used to conduct special studies, such as a classification accuracy review they conducted and subsequently

**Figure 2. Agency responses to the question, "To what extent is MSOE effective in identifying opportunities for improving Federal personnel policies and programs?"**

*Percent responding:*



Note: Totals may not equal 100 percent because of rounding

reported on to the appropriate OPM program office. Presumably the review's findings will be useful as future changes in Federal classification or compensation practices are explored. In this case, the results have been used only within OPM so the value of this effort and resource commitment to the wider Federal community is not yet readily apparent. However, staff in the appropriate OPM program office expressed satisfaction that the information has proven useful.

Officials whom we interviewed in other OPM program offices cited how oversight reviews have contributed to improvements, particularly in the broad areas of performance management/performance evaluation and staffing. The examples the program officials offered primarily focused on information that prompted new policies or practices or that led to incremental improvements to existing policies.

We noted earlier, however, that repeated references in oversight reports to a problem do not necessarily ensure that OPM will respond with a change in Federal policy or practice. Perhaps any absence of action noticed by agencies contributes to the less positive view

they hold of MSO&E's achievement of this program goal compared with the first goal we examined. As an example of inaction (delay in this case), many of the oversight reports we read noted that the reviewed organization was referring job applicants through internal merit promotion procedures without first ranking the candidates if there were fewer than 10 qualified applicants. In a stand that is generally unpopular with agencies, OPM has long contended that this practice is inconsistent with the first merit system principle and in 1996 proposed a regulation change that would require ranking even small numbers of candidates. (How and by whom the ranking was to be accomplished would have been decided by the agencies.) However, the proposed regulation has neither been made final nor withdrawn, even though many oversight reports have focused attention on the situation.

Even worse, although evaluators identified these candidate referrals as a problem in a number of agencies, their criticism of the agencies is virtually indefensible, because in most cases the evaluators cited the proposed regulation as their authority. A proposed regulation simply has no force. And when we interviewed OPM staffing officials, they expressed surprise that evaluators were relying on the proposed regulation to defend OPM's position. It is not clear whether there is disagreement between MSO&E and Employment Service concerning what agencies should do in these situations; neither is it clear why a final decision has not been reached concerning this draft regulation. Many agencies would prefer that this provision of the proposed regulation not be made final. However, some final resolution of this particular issue is in order, even though there is no consensus on the solution.

Returning to our point about the use that is made of information from nationwide agency evaluations, our concern is that even when the oversight group provides what may be useful or essential information that could result in improvements in HR practices, agencies may not see any change in Governmentwide

policies or programs for a long time, if ever. This absence of visible outcomes does reflect on the oversight program and how agencies judge it. At the same time, while it is the job of the oversight group to identify the need or potential for changes, it's not within their power to compel those changes. This is, however, something over which OPM's director has significant influence.

**Agency improvements.** OPM's oversight program also is capable of serving as eyes and ears for the agencies with respect to their own HR policies and procedures. MSO&E's evaluators can measure and report how, and how well, an agency's components implement their agency's own regulations, just as they do for Governmentwide regulations. And since each agencywide review includes HRM issues or HR programs chosen by the agency itself to be given particular attention, agencies and installations stand to gain substantial information from each OPM review.

Interview comments and survey responses indicated that most agencies view OPM as making a positive contribution to their management goals when they include in their reviews issues identified by the agencies. Here are two typical comments from departments:

During [the review of our department] we asked OPM to add to their program agenda an assessment of the nature and level of delegations of our various personnel authorities. OPM was more than willing to add this to their review agenda and helped us develop the parameters of the study. The results of their review confirmed what we had believed; that is, that, in many cases, delegations have not gone beyond the bureau level to line managers as was hoped. When they had been further delegated, few managers expressed the desire to have any additional delegation.

The Office of Merit Systems Oversight and Effectiveness is doing the following very well: \*\*\* Tailoring agency review activity to address identified Federal and Agency human resources management

issues instead of statistical coverage of general topics.

### **Increased Effectiveness in Influencing HRM Improvements.**

**Sharing MSO&E's information.** What, exactly, do agencies think MSO&E could do to increase its effectiveness in identifying opportunities for improving Federal personnel policies and programs? Several agencies suggested something that MSO&E officials had told us they already were doing (and that other agencies agreed is being done): share information about exemplary practices so that each installation or agency doesn't have to reinvent the wheel.

MSO&E's predecessor organization published a "Digest of Exemplary Practices," but only on an occasional basis. The published digest was addressed to agency HR officials, a practice that drew criticism from several survey respondents who commented that they believe that line managers are a more appropriate audience for this type of information. MSO&E prepares a different publication, "Oversight Notes," on a quarterly basis, and its method of distribution varies by field division. We believe this somewhat unstructured distribution approach represents a missed opportunity for the oversight program.

From our visits to OPM field offices we learned that OPM's oversight field divisions have made a concerted effort to share best practices information, particularly through the Federal Executive Boards (FEB's) in their respective locations, but that HR officials in most field locations we visited have not benefited from OPM's efforts. If managers are getting best practices information through forums such as FEB's, but that information is not being shared with agencies' HR officials, an important loop is not being closed and maximum value from the information is not being obtained.

Some organizations are positive about OPM's information-sharing of best practices. Survey responses from three departments expressed satisfaction with OPM here. These agencies' views may be influenced by the fact that the

information came in the OPM reports on their HRM programs, reports that contain sections specifically headed "Noteworthy Practices." This is useful to the reviewed organization, but offers no assistance to other organizations because OPM restricts the distribution of its oversight reports to the agency concerned.

Although the sheer size and geographical dispersion of the Federal Government's many components work against any easy mechanism for sharing such information as that on best practices, and there will always be occasions for communications breakdowns that may prevent widespread dissemination of the information, OPM is paying attention to this issue. At MSO&E's 1997 annual business meeting, its managers and evaluators from all over the country discussed dissemination of best practices information and affirmed the practice. MSO&E is conducting a review of how frequently the information should be made available, the appropriate audience, and other factors in order to improve its best practices information sharing.

Another topic discussed at MSO&E's 1997 annual business meeting was the value of publishing information on worst practices. In the current environment of broad HR delegations, agencies vary widely in the degree to which they are willing to explore the limits of what decisions and actions are permissible for agencies under existing HR rules and regulations. At the annual meeting, MSO&E tentatively decided to share with all agencies examples of HR decisions and actions that went beyond the acceptable limits. We believe that is a good decision. Just as best-practices information may help keep agencies from having to expend resources determining how to do something, worst-practices information may discourage agencies from decisions that could harm both them and their employees.

In today's "on-line" world, we think MSO&E could greatly improve its visibility and usefulness to agencies if it were to share both kinds of information through a home page or web site of its own, as well as by periodic hard copy publication of the information. OPM has

a very visible presence on the Internet already, and agencies' managers and HR staffs increasingly have access to information there. Placing information about best and worst practices on the Internet seems to be a logical next step, and one we encourage.

**Strengthening self-assessment.** A second suggestion offered by several agencies for increasing OPM's effectiveness in improving Federal personnel policies and programs was for OPM to direct more of its oversight resources towards helping agencies develop and strengthen their own self-assessment capabilities, and then monitoring how well the agencies apply those capabilities. This is consistent with a recommendation contained in our 1992 report.

We've already noted that internal self-assessment programs are essential to maintaining good human resource management in the Federal Government, and that OPM can't do the job alone. Further, we've observed that most agencies have less internal oversight or self-assessment capability now than they had in or before 1992. Generally speaking, agencies have taken their lead from OPM with respect to oversight activity. When OPM's program was perceived as being in decline, agencies allowed theirs to follow suit. Now, with OPM's program in ascendancy, many agencies are finding it hard to resurrect their own programs because of strong internal competition for scarce resources.

In advocating the strengthening of agencies' self-assessment efforts, we should make clear that we are not necessarily recommending a return to the labor-intensive personnel management evaluation processes of the past. Nor are we necessarily suggesting that HRM self-assessment processes need to be carried out by the HR office staff. There is substantial room for innovation in who does self-assessment, and in how it is done. But there should be little room for debate on whether such self-assessment is conducted, and there should be no question of the value of linking internal efforts to the efforts of OPM. A cooperative, coordinated approach would conserve both

OPM and agency resources and would make the evaluation process smoother from both perspectives.

Within MSO&E, leadership for agency internal assessment efforts has been assigned to the effectiveness staff. When we discussed the work of that MSO&E component with agency officials during our field visits, we found that the effectiveness staff was virtually unknown outside the Washington, DC, area. This is not to say that their work isn't good; simply that it isn't reaching beyond the Beltway. Even in the departments and agencies with which OPM worked to develop a self-assessment capability to prepare for the FY 1998 cycle of reviews, field installations where we conducted interviews were not aware of this joint agency-OPM effort. This lack of information in the field appears to be a problem best solved through agencies' internal communications, something beyond OPM's control. Through interviews we also found that OPM's field oversight staff had few contacts with the effectiveness staff concerning agency self-assessment and generally did not appear well-attuned to what the effectiveness staff are accomplishing in that area. We also found little evidence that the field oversight staff were spending any appreciable effort or time on agencies' self-assessment programs. The oversight staff's time is taken up with their program review agendas, and self-assessment just isn't one of the topics they cover. Yet improved agency self assessment, particularly if linked to OPM's oversight efforts, is a key to identifying opportunities to improve Federal (and agency) personnel policies and programs.

We believe MSO&E can substantially improve its achievement of the goal of identifying opportunities for improving Federal personnel policies and programs by improving the effort to promote self-assessment. Perhaps if its oversight effort were to be more visibly concerned with agency self-assessment efforts, the agencies would respond by increasing those efforts. And if OPM provided guidance to show how each agency's program could work in conjunction with OPM's, then OPM and the agencies could share the oversight workload.

Since most agencies believe they are in a better position to assess their HRM efforts than OPM is, we think MSO&E should make every possible effort to draw the agencies into a well-coordinated cooperative self-assessment effort in which OPM's oversight staff have a clear presence. Such an approach could perhaps work along the lines of OPM's current approach to delegating examining authority: agencies with self-assessment programs meeting certain criteria established by OPM could operate with a generally reduced OPM oversight presence, and OPM's focus in those agencies could be largely on measuring the adequacy of those agencies' self-assessment programs.

***Goal: Helping Agencies Meet Mission Goals Through Effective Recruitment, Development, and Utilization of Employees.***

**Defining "Help"**

Of OPM's three oversight program goals, helping agencies manage human resources to accomplish their missions may be the most difficult to define and achieve. Based on agencies' comments made during field visits and in response to our questionnaire, this goal raises the fundamental question of how and by whom "help" is defined. Most agencies want maximum freedom for their operations, including those that affect employees. So when OPM evaluators determine that agencies have misinterpreted the language or intent of a personnel law or regulation, and as a result need to make a correction or program adjustment, OPM is seldom perceived as helping, despite OPM's and the agencies' shared obligation to ensure the proper application of personnel rules and regulations.

Likewise, agencies are not favorably inclined towards OPM's help when it takes the form of recommendations for changes in HRM policies and procedures that the agencies are already satisfied with, even if the changes could result in efficiencies or economies. For example, OPM suggested changes in one agency's awards policies to reduce the number of quality step increases granted annually and to

make greater use of other, less expensive, awards. OPM saw this suggestion as advancing the values expressed by the fifth merit system principle ("[t]he Federal work force should be used efficiently and effectively"), while also supporting the third merit system principle ("appropriate incentives and recognition should be provided for excellence in performance").

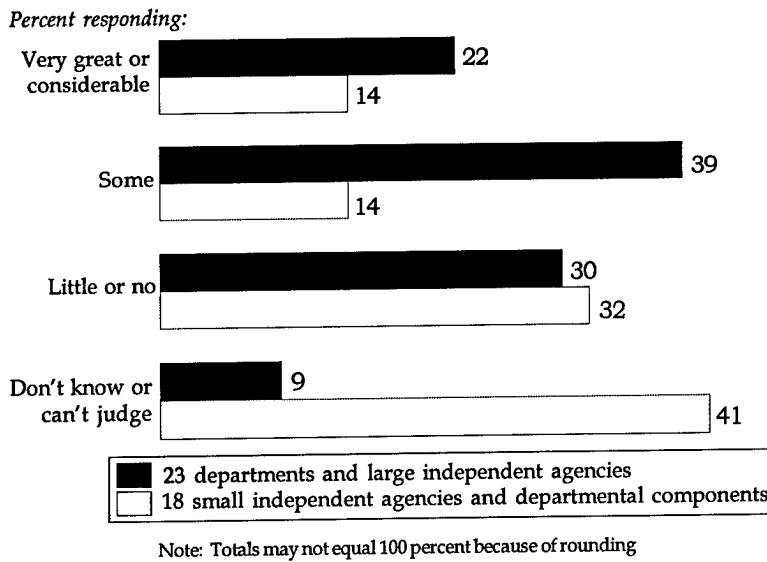
The agency countered that its actions were within its delegated authority and were consistent with the third and fifth merit system principles, and also with the second, which calls for all employees to receive fair and equitable treatment in all aspects of personnel management. Since the agency has the money to conduct its awards program in this manner, the fact that OPM's recommendations are sensible from a fiscal stewardship point of view is seen as largely irrelevant. Agency managers see the program as meeting their own and their employees' needs and apparently have no intention of changing it. If nothing else, this single example shows how difficult "helping" can be, especially if perceived within the context of the broadly worded merit system principles.

Indeed, our questionnaire respondents were least satisfied with MSO&E's performance in this particular area. In figure 3 (page 24), note that about 30 percent of both response groups chose the negative (to "little or no" extent) response. Only 22 percent of departments and large independent agencies and 14 percent of small independent agencies and departmental components responded with the most positive choice of to a "very great or considerable" extent). In this case, there was virtually no difference in response patterns between organizations that had undergone a review after the 1995 reorganization and those that had not.

**Improving Oversight Unit Capabilities**

**Personnel.** Achievement of the goal that centers on helping agencies accomplish their missions depends substantially on how, and how well, individual evaluators approach

**Figure 3. Agency responses to the question, "To what extent is MSO&E effective in helping agencies meet mission goals through effective recruitment, development, and utilization of employees?"**



We earlier alluded to the efforts MSO&E management has taken to imbue their organization with a single philosophy and common approach ("one program, one team"). We have concluded that these efforts have shown good results to date, but that differences in approach among the former regions persist. These differences are recognized both within MSO&E and in the agencies that are subject to their ministrations, so we believe the situation will receive the continuing attention it deserves.

their jobs, since it is through their eyes and the reports they produce that agencies' efforts are understood and judged. Several factors combine to affect this situation, including:

- Evaluators' past training and experience;
- The ease with which those who were in the evaluation business when OPM had regions have been able to adjust to their current management's approach to and philosophy of oversight; and
- The training evaluators have received since the reorganization in 1995.

The loss of experienced evaluators in the years immediately preceding the reorganization created job vacancies that were almost always filled by persons who had lost their jobs in the two RIF's that OPM experienced during that period. In this way the oversight function gained a number of senior, long-service individuals judged to have high potential but who had little direct experience in evaluation and whose expertise was not necessarily in that function. These circumstances make development of these employees critical to the soundness of the evaluation program.

**Reports.** After reading literally dozens of oversight reports prepared since the program was revitalized, we concluded that the quality of the analysis and presentation of OPM's oversight reports is uneven, although more recent reports generally are an improvement over earlier ones. In our view, the most glaring weakness is a tendency to write executive summaries in quite positive terms that often seem contradicted by problems and weaknesses subsequently described in detail in the bodies of the reports. Our concern is that if busy agency managers read only executive summaries, such an approach to summarizing the findings can create in top managers' minds a misleading sense of program well-being. Once such an impression has been fostered, it may prove hard for subordinate managers to initiate changes that the more detailed text narrative may indicate are needed or desirable.

It is not unusual in an organization of over 100 potential report authors for there to be variations in the quality of the written products, since those authors bring differing levels of work experience and writing skills to the task. But the written report is a key product for the oversight function—the documentation left with the agency to reflect both what was and what should be. Content and presentation are

both important ingredients. Thus, we would encourage MSO&E to monitor report writing carefully and to provide training where it will help strengthen this part of the staff's job.

### **Improving Information Sharing to Help Agencies Meet Their Goals.**

Much of our discussion concerning the previous program goal—identifying potential HRM improvements—is equally appropriate here; that is, better sharing of information about best and worst practices can enhance OPM's contribution to agencies' meeting their mission goals. This is particularly true because today's emphasis on decentralization and delegation

encourages agencies to explore different ways to accomplish basic HR activities. But this freedom can come at a price in resources that quickly discourages many agencies from exploring very extensively. Thus, agencies may proceed to implement HR changes without having first properly examined their likely consequences. Alternatively, they may continue to follow antiquated HR practices that either undermine their mission accomplishment or that support mission accomplishment at an unnecessarily high cost. In this environment, OPM's role as an information broker could make a tremendous difference to some agencies at small cost to OPM.

## CHAPTER 5

# Continuing Challenges to Effective Oversight

Today it is generally acknowledged that faithful adherence to proper procedures is a rather empty accomplishment if those procedures do not result in achieving what laws, regulations, and Governmentwide policies envision. One key continuing challenge to OPM's oversight program is how to implement a change in focus that makes achieving results as important as complying with regulations and procedural requirements. Success in accomplishing this change in focus is strongly affected by a second challenge—the presence or absence of standards against which to measure those results.

A third challenge—closely related to changing oversight's focus—is how to deal with the question of where accountability for HRM outcomes lies, and how that accountability is to be measured. This already difficult challenge is made even more difficult by the increasingly common practice in agencies of using computer-based systems to carry out many HRM program activities (e.g., writing position descriptions and subsequently determining the classification of the positions)—a practice often accompanied by a reduction in the number of professional HR staff available to support line managers. The challenge to effective oversight arises from the loss of traditional "checks and balances" that existed when traditional personnel offices dispensed advice, exercised control, and processed personnel actions, and lines of responsibility were clear.

And finally, there is the resources challenge that has faced oversight organizations for as

long as they have existed: finding the balance that permits sufficient onsite presence to ensure effective oversight while making optimal use of information available through means other than onsite visits (e.g., CPDF data or agencies' reports). Each of these challenges is discussed in more detail below.

### Focusing on Results

The focus on results has been a key theme of Government reinvention, often expressed in terms such as eliminating unnecessary constraints, reducing red tape, putting authority for decisionmaking as close as possible to where the effects of the decision are felt, and letting managers manage. One of OPM's highly publicized actions intended to orient Government more toward results was elimination of the Federal Personnel Manual, or FPM, in 1994.

Eliminating the FPM considerably reduced the amount of printed "how to" guidance for both personnel management decisions and their underlying personnel administration processes and procedures. When this step was taken, the general expectations were that: line managers would assert or reassert their roles as managers of their workforces; HRM staff members would provide those managers with sufficient advice and assistance for the resulting managerial decisions to achieve the required results; and the details about how each decision was reached and executed were of little concern so long as the results met the broad requirements of applicable laws and regulations.

Information gathered for studies since the FPM was abolished has revealed that many managers apparently were surprised to learn that abolition of the FPM did not mean that they had been freed to manage their workforces in an unconstrained manner—that a whole body of civil service laws and regulations and internal agency policies and procedures still impose structure on their exercise of HRM discretion. In addition, MSPB and judicial decisions have concluded that some abolished FPM provisions may still define the meaning of existing civil service laws and regulations.<sup>15</sup>

Still, in many instances there really no longer is one prescribed “best way” to achieve HRM tasks. Instead, agencies have whatever freedom they derive from interpreting the language of laws and regulations. In the broadest context, the test now for each HRM decision should be “Does this decision achieve a legitimate management goal in keeping with one or more of the statutory merit system principles?” In a narrower context, the question should be: Does this decision meet the letter and intent of the applicable law or regulation? And therein lies the problem when an organization is subjected to a review by any third party, including OPM’s oversight component: How does the reviewer establish that the interpretation achieves these standards?

Through oral and written comments, agencies we surveyed expressed a perception that OPM’s evaluators too often and too quickly advance a “one right way” solution in situations where they disagree with agencies’ exercise of discretion in interpreting laws or regulations. Agencies accept that such disagreements are inevitable in the face of reduced procedural guidance, and most expressed no or only mild concern over situations where OPM took action to rein in efforts that it thought represented excessive creativity. A very small number of agencies expressed the view that OPM should not have the authority to substitute its view for an agency’s when a law or regulation was open

to interpretation, but this position is inconsistent with the authority granted to OPM in title 5.

The basis for the agencies’ concern is what they see as a troubling tendency for OPM’s evaluators to offer their own interpretation as the only right way to accomplish an action, foreclosing the possibility of other equally appropriate interpretations. Further, agencies that expressed this concern observed that OPM’s “only right way” was almost invariably consistent with the procedural guidance that had been contained in the old FPM. Our review of oversight reports written by OPM didn’t turn up any instances of this tendency, and we could not measure directly how often OPM evaluators might have insisted on their own interpretations orally during oversight reviews. Agencies reporting these situations acknowledged that they don’t happen often, but the agencies also stressed that even a few such instances have a negative impact on both line managers and their supporting HR staffs. Line managers see such instances as disincentives to their acceptance of broader HR authority, and HR officials see them as undermining the advisory role that they are being encouraged to perform.

It is unrealistic for agencies to expect that OPM will not question their actions (including situations involving interpretation of laws and regulations) and will not substitute its judgment for theirs when OPM’s representatives believe it’s necessary. This is, by law, OPM’s responsibility.

Still, changes in the roles of HR staffs and line officials have in recent years placed more decisionmaking in the hands of managers and supervisors and given them the greatest possible flexibility to manage their employees. That necessarily means focusing less on process and more on results, but the balance between these two points can be shifted only so far. Sometimes process is so important to results or to upholding public policy objectives that little opportunity exists for flexibility. (For

<sup>15</sup> See, for example, *Markland v. OPM*, 140 F.3rd 1031 (1998).

example, reduction in force is heavily process driven, as is the application of veterans preference in hiring.) A key part of OPM's oversight responsibility is to determine and make known when adherence to established process is essential. It is equally important for OPM to recognize circumstances when this is not the case, and to encourage or at least accept flexibility in those latter instances.

In practice, attaining the proper balance between process and results in HRM is fraught with difficulties, and sometimes controversy. Those who administer Federal personnel programs must decide what results to measure, how to measure them, and how much weight to give to the process used to obtain them. Processes that include administrative exercises that neither the law nor common sense require are ripe for revision. On the other hand, it is wrong to ignore laws, regulations, and Governmentwide policies in the process of pursuing results, no matter how worthy they may be. The legal and regulatory violations that may result can produce other, negative outcomes that offset the good achieved in reaching the original results.

For example, in October 1997 OPM published a report highly critical of recruiting and hiring practices in an independent Federal agency. OPM's report describes an agency that ignored or misused processes and procedures in an effort to achieve outcomes that the agency considered desirable. From the agency's perspective this might well have been viewed as the end justifying the means, a simple exercise of creativity to address perceived staffing needs. But OPM saw a different set of outcomes—job applicants misled and denied employment opportunities, individuals hired through procedures that were not appropriate for the jobs involved—and determined that no result achieved by the agency was sufficient to justify bypassing required processes and procedures. In this particular case OPM judged that the outcomes obtained, no matter how desirable, were tainted by improper actions and has referred the situation to the Office of the Special Counsel for investigation and possible prosecution.

Current trends in Federal HRM will not ease the tasks of identifying the right results, the appropriate processes, and the ways to measure them. If evaluators are already finding it difficult to measure the acceptability of outcomes achieved through alternative processes under a single Federal civil service system, consider the potential effect of their having to do so under multiple HR systems. A few agencies have received substantially increased flexibility through legislation granting them freedom from many of the legal requirements found in title 5 of the U.S. Code. Others seem ready to pursue requests for similar "relief" from current rules. To the extent that agencies achieve this break with the norm, they pose increased difficulties for OPM or any other organization responsible for assuring that outcomes achieved and practices followed under the increased flexibilities are acceptable. Both the requesting agencies and the Congress should carefully consider the problems that such actions may cause. The example cited above strongly suggests that the public interest is served through having every agency subject to some oversight by an outside organization. Until agencies progress much further with sound self-assessment programs that can be operated in cooperation with OPM, OPM remains the organization best situated to conduct that oversight with regard to HRM practices. However, a proliferation of HR systems independent of title 5 could increase the difficulty of that task.

For the time being, the shift in focus from process to results remains incomplete. Evidence from our surveys and the focus group suggest that in the area of assessing agency HRM activity, OPM's evaluators are making the change from judging process to measuring results, but they are not all making the change at the same speed, or with the same success. And despite the goal of focusing on results, it is unlikely that attention to process will ever should be abandoned, because process can be a critical factor in measuring results and ensuring adherence to public policy objectives. Within OPM, MSO&E's managers appears to be on the right track as they guide their organization toward a focus on results. The next

challenge we discuss remains a hurdle to accomplishing that end.

### Evaluating Without Clear Standards

Until the Government began to focus seriously on measuring results, Federal HRM accomplishments typically were measured by how well actions complied with procedural requirements, although there were serious questions about whether those measurements actually meant anything. MSO&E has been diligent in its efforts to focus attention on results, both for oversight carried out by its own evaluators and for self-assessment efforts within agencies. Its evaluators' guide is a living document that is regularly updated and revised to accommodate new techniques and ideas for conducting oversight with an emphasis on results.

Another document, published by the Office of Effectiveness in January 1997, lays out the leadership role it expects to play in helping agencies develop their own HRM accountability capabilities.<sup>16</sup> One of the activities that OPM identifies as critical to its leadership is "establishing expectations and providing general assistance, including a framework for agency self-assessment"; another is "maintaining forums for information-sharing about accountability and promising approaches, and facilitating communication among agencies."<sup>17</sup>

While these activities are critical to a Governmentwide, coordinated oversight program, the effort still lacks clear standards against which to measure the outcomes of agencies' HRM activity. The statutory merit system principles are too broad to serve as the necessary yardsticks. And despite OPM's efforts to provide in their reports clear operational statements of what outcomes are expected from applying the principles, often the reports' authors end up defining the strengths or weaknesses of agency HR programs in terms of compliance with procedures.

In the general absence of objective evaluation measures, experience and the exercise of seasoned judgment are essential to an effective oversight program. But experience and seasoned judgment are not enough by themselves. In the case of HRM oversight, efforts must be expended to develop the proper measurement tools—ones that can be used both by OPM and agencies as they examine how well managers use their HR authority to achieve their mission goals, and how well they are supported by their HR offices.

In October 1997 OPM published its "FY 98 Program Coverage Guide, for HRM Accountability."<sup>18</sup> This document, developed in cooperation with the eight agencies scheduled for review during fiscal year 1998, is OPM's most recent attempt at providing standards for measuring HRM in agencies. In this particular instance it is a guide for reviewing agencies' self-assessment efforts.

The guide contains questions which, if answered, will establish the framework for measuring the scope and effect of an agency's self-assessment efforts. It also suggests sources for the information needed to answer the questions. In this respect it is a clear improvement over the vacuum it replaces. But it will frustrate anyone who expects clear, tangible yardsticks, because they are not there.

For example, in measuring how, and how well, managers are held accountable for their HRM responsibilities, the suggested question is, "Are managers, supervisors, and employees held accountable for performance? How are they held accountable \* \* \*?"<sup>19</sup> The question is accompanied by a list of possible information sources, but no standard is provided that indicates what makes a self-assessment program excellent or poor. Consequently, the person or organizations attempting the evaluation must make subjective judgments to

<sup>16</sup> U.S. Office of Personnel Management, Office of Merit Systems Oversight and Effectiveness, Office of Effectiveness, "Human Resource Management (HRM) Accountability in Federal Agencies: Current Efforts and Future Directions," January 1997.

<sup>17</sup> Ibid., p.3.

<sup>18</sup> Office of Personnel Management, Human Resources Management Interagency Advisory Group, October 21, 1997.

<sup>19</sup> Ibid., p. 7.

arrive at decisions about managerial accountability. And different evaluators in different organizations may well use different standards of judgment in applying this program coverage guide. In an interview, a senior line official in one of the agencies that developed this guide commented:

A great deal of time and effort went into developing descriptions of intangibles. Why go to all that trouble to measure the unmeasurable? The guide does not have tangible, measurable results. It was an incredible amount of work, brainstorming, and the like with no results that can be measured.

Even if they had been successful in providing objective measures for assessing the effectiveness of HRM activity and outcomes, OPM and the agencies would probably continue to experience some level of frustration because they would constantly be besieged by change. Human resources management is an ever-changing arena even during stable times, and recent years have been characterized more by change than by stability. Under such conditions, measuring the results of any management process is at best a tenuous accomplishment. As one author has noted:

[T]o maneuver through the turbulence of change requires a recognition of how temporary one's plans should be. In short, [change] itself is affected by change, and only those who recognize it and continually adjust their path will be successful, \*\*\* another paradox that goes often unnoticed.<sup>20</sup>

To reiterate, the guide is a real improvement over the vacuum it replaced. However, it is not a measurement tool of the sort contemplated by the Government Performance and Results Act. Consequently, both OPM and agencies must continue their efforts to develop tools suitable for agency self-assessment of HRM activity. Because some HRM endeavors are inherently subjective or unquantifiable and

are unlikely to be completely measurable by objective standards, one of those tools is likely to continue to be the application of seasoned judgment. But where it is possible to use tangible measures—of actions or events or people or results—to evaluate aspects of human resources management, OPM and Federal agencies must make every effort to develop these objective devices and incorporate them into the oversight program.

### **Accountability and Authority: The Line Manager/Personnel Office Relationship**

In most agencies one consequence of Government reinvention and downsizing has been a conscious effort to reduce the resources allocated to the HR function. Many agencies have found that consolidating HR offices is a particularly effective way to achieve such a reduction. While consolidated HR offices (in which one office may serve thousands of widely dispersed managers, supervisors, and employees) are not new, the current emphasis on managerial accountability for HRM has focused attention on the problem of how oversight of HRM is carried out in such operations.

The problem stems from how evaluators traditionally approach the task of determining the correctness of decisions that initiate personnel actions (e.g., reassignments; promotions; awards, and almost any other action that directly affects employees). Because these personnel actions require an authenticating signature within the HR (personnel) office, evaluators focus their attention during oversight reviews on this duty of personnel officials. This has the appearance, if not the actual effect, of holding personnel officials accountable for the decisions (usually made by line managers and supervisors) that the actions represent. In a past era when personnel officials often actually were control points and line managers frequently did not exercise broad HRM decisionmaking power, this was not an unreasonable approach. But in today's

<sup>20</sup> Gary D. Kissler, "The Change Riders, Managing the Power of Change," Addison-Wesley Publishing Co., Inc., Reading, MA, 1991, p. 268.

environment such an approach is less reasonable for reasons we will discuss below.

The scope of the problem is well defined in two of OPM's oversight reports. One of the reports describes an agency that for years has had a single consolidated personnel office for its nationwide field structure. The other addresses a subdivision of a large department that recently reorganized its delivery of HR services, replacing its full service installation-level HR offices with small staffs of HR advisors and large regional HR processing centers.

Here is how OPM described the problem in its report of a review of the agency that has long had a consolidated (centralized) HR office:

[The organization's] HR staff voiced concern about the lack of an evaluation mechanism which would enable them to review actions done by other staff in the field under delegated authorities. Staffing specialists are concerned about having to review and sign off on SF-52's, "Request for Personnel Actions," when they do not have the documentation showing that all statutory, regulatory, and agency procedural requirements have been met. For example, when seasonal employees are hired by field divisions, the staffing specialist in the [HR office] does not know if: (1) veterans' preference was applied; (2) vacancies were announced; (3) agency and divisional procedures were followed. Yet, the specialist is required to sign off on the SF-52, indicating that the request has been reviewed. The SF-50, "Notification of Personnel Action," is also approved in the [HR office]. Errors by field [line] managers (at least some of whom have not been trained in staffing requirements) have the potential of leading to the making of improper selections. This practice of signatory responsibility without review is inappropriate because it calls for the Personnel Management Specialists to certify legality and accuracy of a personnel action without any corresponding review.

OPM's recommended solution is to set up a way for the HR office staff to exercise quality control over vacancy announcements and actions initiated by line managers, because the HR office staff are required to sign off on these actions. From this it is apparent that OPM considers the personnel office responsible for the action, even though the decisionmaking authority is delegated to line management. We think that a better solution would be to emphasize line managers' responsibility for their HRM decisions by giving them signatory authority and holding them accountable for its proper use.

Before discussing our proposed alternate solution further, we turn to OPM's description of the accountability problem as seen in the agency that has recently reorganized its HR delivery through regionalizing personnel operations in large processing centers. During an interview, the director of one such operations center described to us the relationship between his organization and the installation-based HR advisors: "We're the factory while they are the sales and customer service representatives." Here is how one such operation is described in one of OPM's reports:

Accountability for individual actions and adherence to the MSPs is a fundamental issue that must be addressed as the transition of personnel servicing in [the department] progresses. The [processing center] is essentially a "production facility" processing orders received from a variety of customers. The [processing center] Director views the role of the [center] as ensuring "legal sufficiency" rather than accomplishing "regulatory compliance." A properly authenticated Request for Personnel Action received from a [line] manager is processed without question, because the [processing center], with no line authority over the [personnel advisors] or installation level managers and supervisors, accepts the action on its face value. The assumption is that the manager and/or [personnel advisor] submitting the request is responsible for satisfying

the merit principle requirements by their signatures on the requesting or authorizing document. In the process of effecting actions many parties become involved—the [processing center], the [personnel advisory staff], [installation heads], and [line] supervisors/managers. With the responsibility being fragmented there is a clear need to delineate accountability, i.e., where the ultimate responsibility for compliance with law and regulation rests.

The report tells us that this center processed over 14,000 Notifications of Personnel Action during the first quarter of FY 1997 and has allocated 1 employee to conduct an internal audit of these actions. While calling this a "commendable" post-audit review effort by the processing center, the report stresses that review earlier in the process is needed to "ensure that errors are detected and avoided before actions are actually taken." OPM also reports that "managers report they are not receiving timely and sufficient training in how to exercise delegated personnel authorities within the merit principles." And it ends by reporting that personnel staff advising managers indicate that they have no way of assuring adherence to the merit system principles since they are merely "advisors." The report does not offer any recommendation for how the overall accountability problem should be addressed, but we know from interviews that the OPM oversight field division that led the review has shared its concerns about this situation with MSO&E top management.

In OPM's summary report concerning the parent department for this organization, we found information concerning how managers and supervisors perceive their HR empowerment, an issue that has bearing on the issue of accountability:

Many managers and supervisors did not perceive the reduction in regulations that has already occurred to be empowering. In many instances, they pointed to an absence of available onsite personnel staff as a reason for not exercising

their personnel management authority, rather than viewing it as a freedom to act.

This particular department is large and traditionally has been considered to have a high-quality personnel program. When reviewed, its personnel program was clearly in flux. Whether the report documents only short-term difficulties or is representative of a long-term problem is uncertain. What is certain is that this review and the other discussed above (which involved a major component of another large department) jointly highlight a problem made visible by current management thinking: the present approach to determining HRM accountability isn't going to work. Having worked to reduce the presence of HR offices and expand line managers' HRM authority, agency top management is unlikely to permit their HR staffs to set up quality control mechanisms that limit managers' ability to take actions. And given the reduced size of most HR offices, it isn't likely that many will have the resources to operate very effective controls in advance of the actions being taken.

Where does this leave the oversight function? Perhaps with the recognition that traditional methods of assessing HRM by evaluating the activities of HR offices just won't work if the Federal Government is really going to give line managers and supervisors broad authority to manage the workforce and then hold *them* accountable for the results. Oversight procedures and practices that focus so heavily on the role of the personnel office just won't work in that case.

The Federal personnel office is in danger of becoming a nondiscretionary implementer of decisions while still being held responsible by law for the proper exercise of judgment. Circumstances appear favorable for this trend to continue: fewer HR staff in many agencies, frequently accompanied by their physical relocation to sites remote from the managers they support; reductions in personnel rules and regulations coupled with expanding

delegations of HR authority to line managers and supervisors; all accompanied in many instances by insufficient training to prepare managers, supervisors, or HR staff for their expanded roles.

It appears that it is time for a new approach to oversight, one that focuses attention on the HRM role of the line manager. But before moving ahead very far on what would be a very significant change, much more should be done to prepare all of the players (top management, line managers and supervisors, and HR staffs) for their respective roles. These are both areas in which OPM should assert its leadership role, and ones in which the oversight function can play a significant part.

### **Limitations of HR Staff Numbers and Quality**

While we already have mentioned the size and quality of HR staffs, the issue needs a short discussion of its own. The Government is expected to produce the best possible results for the lowest possible cost in all its undertakings. This includes its HRM activity, where in recent years most line managers and supervisors have been given expanded decisionmaking authority, and where HR staffs have been shrunk and instructed to assist and support line managers with their decisions.

In an ideal world the HR staffs would easily fulfill that consultative role. They would give helpful and timely advice to managers who would use it to make wise personnel decisions. The decline in the number of HR professionals would be of no particular consequence, because those who remained would find that their changed roles simply made different demands on their time.

Unfortunately, we don't live in an ideal world, and the realities of the past affect the present and future. In the past, a relatively large proportion of HR professional staff were promoted from the ranks (often the clerical ranks) of agencies. Many subsequently progressed to become competent personnelists

capable of performing the tasks of the HR jobs as they then were constituted. But personnel jobs and the competencies needed to perform them have changed, and too many of the personnelists who were competent in the old jobs do not possess the qualities to achieve success in the new ones. These personnelists appear not to have kept pace with the changing jobs, a point made in many of OPM's evaluation reports. And because buyouts often were used to avoid the disruption of applying reduction-in-force rules, the downsizing efforts that particularly targeted HR offices have too often left agencies with HR professionals who may no longer be the best people to perform the new, largely advisory, HR role (again something that OPM's reports have noted). This ultimately—and too often adversely—affects how well line managers and supervisors carry out their expanded HRM roles.

The size and quality of the HR staff also may affect how all employees (not just managers and supervisors) view the quality and timeliness of personnel services, as well as the responsiveness, expertise, and customer service of personnel office staff. These two quotes about personnel office services from an oversight report following review of a major component of a department illustrate the dangers we see:

While [questionnaire] responses indicate some dissatisfaction with quality and timeliness, they were more positive when reporting on courtesy and responsiveness. In addition, those supervisors and employees interviewed onsite did not hold personnel office staff accountable for the decline in service, but instead attributed these conditions to downsizing and the changes brought about by reorganizations. It appears, from supervisor and employee responses to our surveys and interviews, that [this agency's] employees have generally lowered their expectations on issues of timeliness and availability of services in the human resource management area.

As a result of reorganization/consolidation and downsizing (particularly buyouts), the [agency] has experienced a loss of skilled, experienced, senior personnelists. In addition, there has been a movement of individual staff members into functional areas where they have less expertise. These events have led to several conditions which have adversely affected the installations we visited \*\*\*.

Training the HR staffs may not be the only solution to this problem, but it would be a start. We have highlighted this issue here largely to remind agencies of the importance of providing training to the "survivors" in their HR offices and to give very careful consideration to the selection process for any new personnel specialists. We also want to remind OPM of the importance of reviewing this issue in its oversight efforts.

### **Increased Reliance on Automation**

Increasingly, agencies are making computer-based HR systems available to their managers and supervisors as substitutes for live HR expertise. These systems are a key to the real exercise of HR authority by line officials, since they permit managers to accomplish a wide range of tasks, including classifying positions,

preparing vacancy announcements, and even rating and ranking job applicants, with little or no intervention by HR staff.

The availability of these automated HR systems is a true double-edged sword, however. The freedom to use these tools comes at a price to the manager: a commitment of time to be trained in the use of these tools; a further time commitment to actually carry out the necessary tasks; and ultimately some mechanism that will be applied by an outside party to ensure accountability for the process and resulting decisions. Another price may be the emergence or growth of "shadow personnel offices," or staffs of administrative employees in line organizations to provide the day-to-day service no longer available from the official personnel office.

MSPB supports the use of computer-based HRM systems and any other forms of automation that may lead to efficiency gains. But we caution agencies that the new tools should be in place, and training in their proper use should be conducted, before the old tools are abandoned. From our own observations and from reading OPM's oversight reports, it seems too often to be the case that the old systems are abandoned before the new ones are ready to use. That is a recipe for disaster.

## CHAPTER 6

# Conclusions and Recommendations

### Conclusions

OPM's oversight program has improved markedly since we last reported on it in 1992. It enjoys a high degree of top-management support within OPM and, by expanding its program coverage to include subjects of specific interest to the organizations being reviewed, has also increased its value to agencies and hence its acceptance by them.

**Program Goals.** The goals established for the revitalized OPM oversight program are logical ones, and much has been done to accomplish them. Nonetheless, success in achieving them has been uneven. The greatest success has been achieved with respect to the goal that is most clearly a statutory responsibility of OPM's: protecting and promoting a merit-based civil service. In large part, this goal is achieved through assuring compliance with civil service laws, rules, and regulations.

Agencies understand that compliance with the broadly worded merit system principles is critical to the operation of the merit-based Federal civil service. At the same time, however, there is a widely held belief among agencies that emphasis on specific provisions of law and regulation—especially as measured by procedural requirements—should be reduced. Despite agency ambivalence about OPM's attention to compliance, MSPB believes that this is a properly emphasized part of the oversight program that is essential to the broader "protect and promote" goal.

Another means of achieving this goal is through providing assistance and direction to agencies to strengthen or guide their self-

assessment efforts, something hard for them to do in a era of shrinking resources. OPM's activity to influence agency programs is found in the "effectiveness" part of MSO&E, where considerable effort has been spent working with the eight agencies scheduled for review in FY 1998 to develop a self-assessment agenda. This effort is only now being implemented, so it would be premature to attempt to measure its effectiveness. We agree with a top manager in one of the eight affected agencies, however: because the self-assessment agenda contains no real measurable aspects, its usefulness may be limited. The presence of effective agency self-assessment capabilities is critical to protecting and promoting a merit-based civil service, and MSO&E should continue to assert its leadership, encouraging the development and implementation of such capabilities.

With respect to the goal of identifying ways to improve personnel polices and programs, OPM has missed opportunities to share helpful information with the agencies. However, MSO&E plans to remedy this situation by improving its approach to sharing information concerning best practices, and most likely by beginning to share information concerning worst practices as well. Follow-through on those plans should benefit all agencies, and we particularly encourage the use of an OPM Internet website to disseminate this information.

Helping agencies meet their mission goals, the third oversight program goal, is the goal for which OPM's efforts are least appreciated by

the agencies. To some extent this is because of a fundamental truth: help, like beauty, is in the eye of the beholder. The help that OPM offers is still widely perceived as more narrowly focused and compliance-oriented than most agencies want or believe they need.

In addition, the nature and quality of the oversight staff's contributions to this goal have been affected by the degree to which OPM has achieved a consistency in philosophy and unity of approach in the oversight program. The oversight divisions are composed of former regional employees (whose approach often reflected the personas of their strong former regional directors), employees placed through reductions in force elsewhere in OPM (and not necessarily conversant in evaluation), and newer employees hired to replace those who voluntarily departed during several years of fiscal pressure prior to 1994. The varying backgrounds, experience, and philosophies of these employees can create hurdles for OPM in achieving the nationwide program consistency that is its aim. However, MSO&E management continues to work towards that goal.

**Challenges to Goal Accomplishment.** To a great extent, the effectiveness of OPM's oversight program is, and will continue to be, influenced by changes that are taking place in the broad context of the Federal workplace. Emphasis on measuring success on the basis of results rather than process has created a sea change in the HRM community, since Federal HRM activity historically has been measured through compliance with processes and procedures. Three problems arise as the effort is made to focus on results: (1) determining what should be measured; (2) determining how to measure what is to be measured; and (3) recognizing that some legal requirements are process-driven, meaning that process must be considered as results are considered.

We have noted that it has proven difficult to establish objective measures for assessing Federal HRM activity. Even the program coverage guide for HRM accountability developed for the FY 1998 review cycle lacks quantifiable measures against which to judge

agency self-assessment efforts. It is likely that oversight and self-assessment of HRM will continue to rely heavily on the application of seasoned judgment without the benefit of many quantifiable measures, although the search for such measures will (and should) continue.

Perhaps the biggest challenge facing the oversight program in today's environment is how to adjust so that it focuses attention on the real locus of HRM accountability. For more than 50 years the OPM program (and that of its forerunner, the Civil Service Commission) has focused primarily on the work of the personnel office even as it stressed that HRM is the dominion of line management. Although line managers and supervisors are increasingly being recognized as the decisionmakers responsible for HRM actions, the fact that few actions are final until "someone in personnel" signs off on them means that the "someone in personnel" is still where OPM's evaluation program looks for accountability. OPM, and agencies in their self-assessment efforts, must find a way to place accountability with managers and supervisors.

Managers and supervisors increasingly are being given new tools—particularly computer-based systems—to expand their HRM capability and to wean them from over-reliance upon their supporting personnel offices. But these managers and supervisors may not be receiving timely or adequate training to properly use those tools. Neither does it appear that they are always provided adequate support from the remaining HR specialists in their agencies. Both line officials and their supporting HR staffs are being cast into roles that require skills and knowledge different from what was typical only a few years ago. Giving good HRM tools to managers untrained in their use and expecting those managers to be given HRM advice and assistance by personnel specialists unprepared to serve in this advisory role, is a double recipe for trouble.

Managers, supervisors, and HR specialists all need to be made comfortable with the new reality. Training of individuals currently in

these positions and a sound approach to selecting their peers and replacements are important to reaching that comfort level. So is the decision about who's ultimately responsible for personnel actions. If the managers who make the personnel decisions are truly responsible and have the delegated authority, they must be held accountable. Until this is accomplished, "let the manager manage" may simply mean that managers can take actions they find expedient, and the personnel office will take the heat for any results that are contrary to law, regulation, or policy. The accountability conundrum is one that OPM leadership, in conjunction with agencies, must address and ultimately solve.

## Recommendations

The following recommendations are for consideration by the Director of OPM:

**1. Continue to lead in the development of better means of assessing Federal HRM on the basis of results, and in developing the tools and training needed to measure HRM performance.**

We believe the leadership effort must concentrate first on ensuring consistency in how OPM's oversight staff carry out its task, and then on how OPM can contribute to the development of similar HRM assessment skills in agencies through example, influence, training, and provision of effective tools.

**2. Develop or lead in the development of measurable standards to apply when evaluating HRM; in determining how best to assess "unquantifiables"; and in finding the proper balance between results and process in HR measures.**

Although measurable outcome standards are essential, there must be recognition that the proper application of process can be important to upholding laws or achieving public policy goals.

**3. Take the lead in changing the focus of HRM accountability during oversight reviews from the personnel office to line managers and supervisors.**

Unless accountability is focused on line managers, the risk remains that they will not be held accountable for the consequences of their HR decisions.

**4. To encourage agencies to implement effective HRM self-assessment programs, consider using a delegations agreement approach similar to that currently used for examining.**

Specifically, develop standards and delegations agreements which, if agreed to by an agency in writing, would make the agency responsible (and accountable) for its own HRM oversight, and would result in OPM's oversight role being largely one of supporting the agency and periodically reviewing and affirming the effectiveness of its oversight efforts.

**5. Encourage the OPM oversight staff to share information with agencies on best and worst HRM practices. This information should be shared with both the HR community and with line managers, since our review identified problems with limiting such sharing to only one or the other of these audiences.**

We suggest making the information available through an OPM web site, but not limiting the effort to this means of dissemination.

**6. Encourage other OPM program offices to make timely and good use of information provided to them as a consequence of oversight reviews, and encourage those offices to share that information with departments and agencies as quickly and openly as possible.**

The following recommendations are for consideration by managers in the Office of Merit Systems Oversight and Effectiveness:

**7. Involve the oversight staff more in the development and implementation of agency self-assessment efforts.**

These are the OPM staff members who, working with staff in the Office of Merit Systems Effectiveness, can lead by example and who can offer practical advice and guidance on

agencies' efforts. The aim should be a well-coordinated, cooperative oversight effort involving OPM and the individual agencies.

**8. With respect to each report that is the record of an oversight review, monitor closely the language and tone of the executive summary to ensure that the summary accurately conveys the findings reported in the text of the full report.**

Because top managers may read only the executive summary, it is essential that the summary does not obscure whatever problems are reported in the full report.

The following recommendations are directed to the heads of departments and independent agencies:

**9. Cooperate with OPM in developing ways to assess HRM on the basis of results; in**

developing the tools and training needed to accomplish this change in how HRM's performance is measured; in developing measurable standards to apply in HRM assessment; in determining how best to assess the unquantifiable aspects of HRM; and in finding the appropriate balance between focusing on results and emphasizing process in HRM reviews.

**10. Examine the resource commitments your organizations have made to HRM self-assessment, and determine whether the levels of commitment leave you vulnerable to errors that could damage mission accomplishment and harm the merit-based civil service.**

Join with OPM in finding ways to hold managers genuinely accountable for their HRM decisions and work with OPM in developing a cooperative oversight approach.

# Appendix



OFFICE OF THE DIRECTOR

UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, D.C. 20415

MAY - 4 1998

The Honorable Ben L. Erdreich  
Chairman  
U.S. Merit Systems Protection Board  
1120 Vermont Avenue, NW.  
Washington, DC 20419

Dear Mr. Erdreich:

I read your draft report on the activities of OFM's Office of Merit Systems Oversight and Effectiveness (O&E) with great pleasure and satisfaction. The report conveys a real understanding of the challenges this agency faces in discharging its responsibilities for oversight and improving human resources management throughout Government. Your observations are insightful and your recommendations right on target. Thank you for acknowledging the progress our Oversight and Effectiveness programs have made, and yes, I agree, there is much we have yet to do.

I particularly want to thank you for the feedback you conveyed from our agency clients. Their appraisal of our progress corresponds to our own. We must do a much better job of identifying opportunities to improve personnel policies and help agencies meet their mission goals through effective human resources management. Your encouragement to agencies to work more closely with OPM to improve their human resources self-assessment efforts and to more adequately support them is much appreciated. As you know, OPM is pursuing a number of legislative and administrative initiatives that should go a long way towards making these improvements. I know that O&E will take each of your recommendations seriously. Our efforts to respond to these recommendations are described in the enclosure.

Finally, I want to commend the professionalism of your staff who conducted this review, led by Harry Redd, and to thank you for acknowledging the cooperation of my Associate Director for O&E, Ms. Carol J. Okin and her staff. I look forward to our continued cooperation in the years ahead as both of our agencies pursue the common goal of a civil service that well and faithfully serves the American people.

Sincerely,

A handwritten signature in black ink that reads "Janice R. Lachance".

Janice R. Lachance  
Director

Enclosure

## **OPM's Response to the Recommendations of the U.S. Merit Systems Protection Board**

### **Recommendation #1**

Your positive assessment of O&E's progress in shifting its focus from HRM process to results is greatly appreciated. O&E is mindful that the flexibility the NPR called for and the requirements of the Results Act clearly establish the need to exercise oversight in a manner that appropriately emphasizes bottom-line results rather than simply process. We agree that HR results are more important to managers than HR process. However, we also recognize, as you do, that it will be a continuing challenge to get managers to accept that some processes are vital to certain legal and public policy requirements, such as veterans' preference. Future efforts by O&E to educate managers will reemphasize the need to achieve this proper balance.

We agree that one of the first steps to take in exercising leadership for establishing results-focused HRM assessment is to ensure that all O&E staff approach the agency oversight in a consistent manner. Since your visit, O&E has intensified its efforts to improve the consistency of its approach and of its products. These efforts include strengthening the O&E Council's role in strategic planning, developing a model for the systematic assessment of accomplishments; continuing to refine the *Evaluation Handbook* (the bible for line evaluators); ongoing discussions among division chiefs to achieve corrective action consistency; involving all divisions in data analysis and the design of agency evaluation plans and program coverage guides; increasing the involvement of the *lead* divisions in preparing and editing bureau-level and installation reports; administering the *Client Assessment Feedback* forms following each evaluation; and developing a corporate training strategy to provide staff with new analytic tools and a common method and vocabulary for situational analysis, problem solving, and decision making.

Working through the IAG Accountability Task Group, O&E will work harder to share its knowledge and techniques with agencies and encourage them to join in the development of better means for assessing HRM effectiveness across Government. The *Evaluation Handbook* will be made available to agencies as part of this leadership effort.

### **Recommendation #2**

We fully support this recommendation. O&E's Office of Effectiveness has the leadership for working with agencies to develop measurable standards for assessing HR results. OPM's first attempt to develop HR standards was, as you pointed out, the *Personnel Management Indicators Report (PMIR)*. While well-intended, the *PMIR* was not embraced by agencies. Many saw it as a *report card* that did not recognize their vast differences, HR objectives, cultures, and strategies. Ultimately, the Board recommended that it no longer be distributed. OPM agreed.

Developing quantifiable HR measures and universally accepted standards is a very difficult since each agency has its own unique and defining characteristics which dictate measures and standards which may not be applicable generally. Recognizing this, O&E is working with 16 agencies through the IAG Accountability Task Group to construct a framework of generic self-assessment measures (an HRM Accountability System Development Guide) that agencies can adapt to their particular environments.

Much of this framework is built around the outcomes-focused model that O&E is using to assess adherence to the merit system principles during onsite evaluations. The model includes measures that track key HR success indicators, such as OPM's *Merit System Principles Questionnaire*, data from the Central Personnel Data File, agency personnel data, and client assessments. Agencies will be able to overlay this model with additional measures and standards tailored to their individual accountability needs.

While OPM certainly must lead the effort within the Executive branch to implement measurable HR standards, the success of our efforts depends greatly upon agency willingness to collaborate with us and make the necessary investment required to have viable systems. The recommendations you have directed to the heads of departments and independent agencies are strongly commended, and we pledge our support and cooperation to make them a reality.

#### **Recommendation #3**

O&E does have a logical role in ensuring that the focus of HRM accountability is placed at the proper level. The *Accountability Program Coverage Guide*, which O&E is using in its FY 98 agency reviews, is helping to draw managers' attention to their responsibilities, authorities, and accountability for HRM. The roles and relationships between personnelists and managers are in a state of transition and vary from agency to agency. In fact, each party is accountable but in different ways. Accountability systems must exist for *HR administration* as well as *HR management*.

To help all parties better understand their HR roles, O&E has produced the *Merit System Principles Education* package. This package, which has been received enthusiastically by agencies, contains instructor and student guides on the principles, a brochure that lists the principles and prohibited personnel practices, and a *Merit System Principles Mouse Pad* that lists the principles. The idea is to keep the merit system principles constantly in sight, in a variety of ways.

O&E is carefully reviewing its oversight reports to make sure that the findings accurately reflect the respective roles of managers and HR staff and that requirements for correction are directed to the appropriate, accountable party.

#### **Recommendation #4** Note: This is recommendation #7 in this final report.

O&E is taking steps to involve its Oversight staff much more in the development and implementation of agency self-assessment programs. As a first step, the Oversight staff are joining the Effectiveness staff on the interagency task force that is developing the *HRM Accountability System Development Guide*. In addition, both staffs are meeting early with representatives of the agencies scheduled for review in FY 99 to facilitate a proper integration of Oversight staff into agency self-assessment strategies. The Oversight staff will be extensively involved in activities to revise the *Accountability Program Coverage Guide* to focus more directly on HRM strategic planning, the roles of managers and HR professionals, and the effects of HR consolidations and reductions on the delivery of agency services.

**Recommendation #5** Note: This is recommendation #4 in this final report.

Your recommendation that O&E develop written *oversight* agreements with agencies in order to encourage agency self-assessment programs is very interesting and will be given serious consideration as O&E continues to evolve. Agencies must strengthen their self-assessment efforts if there is to be genuine HRM accountability. O&E's efforts to help agencies develop accountability systems are laying the groundwork for such oversight. The status or health of an agency's accountability efforts already has a lot to do with how an agency-focused review is designed. As agency and OPM efforts to develop accountability models and standards progress, we will find more opportunities to transform the oversight of those agencies that have effective accountability systems.

**Recommendation #6** Note: This is recommendation #5 in this final report.

The recommendation to share *best* and *worst* HRM practices with both the HR community and with managers is one we are working on right now. O&E is doing this through the *Oversight Notes*. The *Notes* publicize lessons learned and the innovative practices that are identified during oversight reviews. The format is concise and easy to read, avoiding personnel jargon and technical language that may be unfamiliar to managers. Distribution is quarterly to installation heads and appointing officers and will soon be made to Federal Executive Boards and Federal Executive Associations. Several agencies have requested and received an electronic version for distribution through their e-mail systems. O&E will explore electronic and other means of distribution that will retain the *informal* character of the *Notes*.

O&E plans to explore other forums that can be used to discuss OPM's oversight findings and foster the adoption of *best practices*, such as participating in agency conferences, holding special-purpose workshops for agencies, IAG presentations, and satellite broadcasts. We intend to take full advantage of such opportunities in the future.

**Recommendation #7** Note: This is recommendation #8 in this final report.

It is essential, as you point out, that the executive summaries of O&E oversight reports accurately reflect the significance and the tone of the findings in the body of the reports. We have identified this same concern. O&E is carefully reviewing these summaries to make certain that they focus top management's attention on the key issues that require intervention or involvement at that level.

**Recommendation #8** Note: This is recommendation #6 in this final report.

OPM has made a strong effort in recent years to improve the effectiveness of our information sharing, both internally and externally. As noted in the report, O&E has made a point of passing on information to relevant program offices, and the offices are making good use of this information. We will certainly continue in that vein, recognizing too that the Governmentwide policy making process is a complex and sometimes lengthy endeavor. Issues must be vetted, stakeholders consulted, and the regulatory or legislative process completed before the information gathered by O&E can actually be translated into new or improved policies. We certainly agree that it is essential to keep the focus of the Oversight and Effectiveness program on issues that are critical to the Federal HRM community and to use the information gathered by that program to develop and implement effective HRM policies and programs.